Sybase patches up its differences with a security research firm that found flaws in its database

Cisco & Microsoft expand partnership to combine kinds of data in new IT platforms of the future

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Ho-Hum

How to get business managers excited enough to fund those important-but-unglamorous IT projects.
By Steve Ulfelder
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Health Care Lags on HIPAA Security Rules

Companies struggle to meet deadline for complying with data protection mandates

BY JAIKUMAR VIJAYAN

ONLINE

The data security rules mandated by the Health Insurance Portability and Accountability Act take effect next week. But a majority of health care companies are unlikely to be fully compliant with the new rules by then, according to recent surveys by two industry associations.

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HIMSS, which represents more than 15,000 individual members and about 220 companies, surveyed 400 health care firms earlier this year. Only 18% of the providers and 30% of the insurers that responded to the poll said they would be compliant by the April 20 deadline.

The American Health In-

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Feds Force Tighter Oversight of Outsourcers

Regulations push banks to centralize control, trim vendors

BY LUCAS MEARIAN
MEMPHIS

IT executives from several banks last week said government directives such as the Sarbanes-Oxley Act are driving improvements in the internal management of outsourcing deals — but at a cost.

For example, the regulations are forcing companies to spend significant time and money to ensure that their outsourcers comply with the laws. As a result, some users said they face pressure to centralize outsourced projects by hiring a single large firm with the resources to meet all their requirements. That means they may have to ignore smaller outsourcing vendors that could provide an IT edge.

"My biggest concern right now is that it's almost impossible for us to do business with small companies, especially small innovative companies that aren't well financed," said Patrick Ruckh, chief tech-

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Freddie Mac Invests in IT to Improve Reporting

Mortgage lender spends $100M-plus on new finance apps

BY THOMAS HOFFMAN

Freddie Mac plans to spend $45 million this year, on top of the $70 million it invested in 2004, to continue development of more than 50 new systems that are intended to improve the integrity of the mortgage lender's financial reports.

The development effort, which began in late 2003, follows an accounting scandal in which Freddie Mac understated its earnings by almost $5 billion between 2000 and 2002. Bill DeLeo, vice president of capital markets technology services at Freddie Mac, said last week that the

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Curt A. Monash says systems for managing different kinds of data are the IT platforms of the future.

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ONLINE

Go to our Web site for full coverage of HIPAA issues. QuickLink a1500

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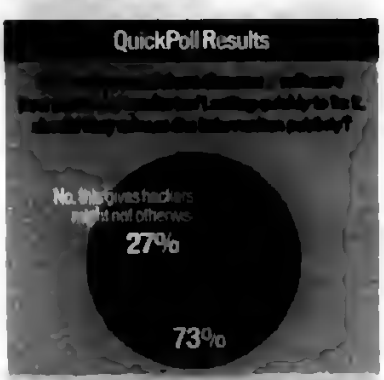

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RFID: Beyond the Supply Chain

MOBILE/WIRELESS: Companies are doing more with RFID than meeting supply chain mandates. Some are using the technology in niche, ROI-generating projects that address business problems, columnist Rajit Gadh observes from a UCLA executive forum. **QuickLink 53599**

Time Management Tips Any IT Pro Can Use

CAREERS: Consistently putting in extra hours at work can eventually lead to lost productivity, increased stress and burnout. Robert Half Technology's Katherine Spencer Lee offers some tips for better managing your workday so you can head home on time more often than not. **QuickLink 53078**

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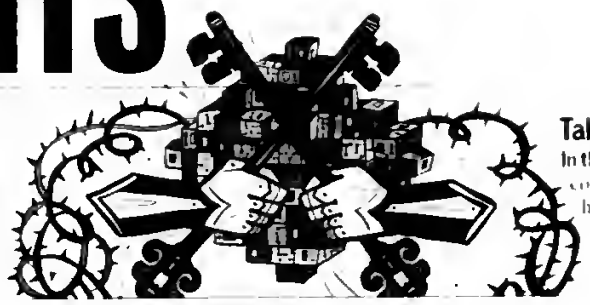

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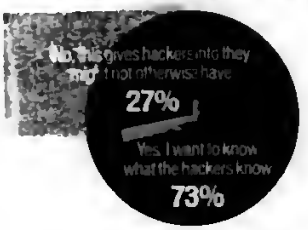
QuickPoll Results

If security researchers discover a software flaw and feel a vendor isn't acting quickly to fix it, should they release the information publicly?



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BRIEFS

Siemens Buys U.S. Software Firm

Munich-based electronics giant Siemens AG has reached an agreement to acquire Myrio Corp., a Bothell, Wash.-based developer of software for emerging IP television services that use the Internet to deliver video. Terms of the deal weren't disclosed. The acquisition will strengthen Siemens' portfolio of voice, data and video technologies.

Microsoft Issues Patches This Week

On Tuesday, Microsoft Corp. will issue eight security alerts with patches for Windows, Office, MSN Messenger and Exchange. Five of the security bulletins apply to Windows, and at least one of those is deemed critical. Office, MSN Messenger and Exchange will get one bulletin each, all deemed critical.

AMD Set to Unveil Dual-Core CPU

The race between Intel Corp. and Advanced Micro Devices Inc. to be first to market with dual-core processors is about to end. AMD is expected to introduce its first dual-core Opteron processors at an event in New York on April 21, according to sources. The event will also mark the second anniversary of the unveiling of the 64-bit Opteron.

VMware to Ship Software Pack

VMware Inc. today will release its Workstation 5 desktop virtualization software, which will run on Windows and Linux host operating systems. New features, coupled with memory-sharing technology used in VMware's ESX Server, will let companies connect multiple virtual machines with configurable network segments to simulate and test multitier applications on developer desktops.

Monster Software Flaw Haunts Fed Agencies

QuickHire glitches hinder HHS, DHS hiring efforts

BY MARC L. SONGINI

SEVERAL federal government agencies have been bedeviled over the past month by technical issues that impaired a hosted human resources software system run by recruiting and advertising giant Monster Worldwide Inc.

The problems have forced Monster developers to perform various work-arounds and the agencies to adopt temporary processes for job applicants. Monster said it will pay to fix the problems, though neither it nor the agencies would disclose the amount of that outlay or the cost of adopting the temporary measures.

The affected agencies include the Department of Health and Human Services and the Department of Homeland Security's Customs and Border Protection, Citizenship and Immigration Services, and Immigration and Customs Enforcement units.

The hosted software system, called QuickHire, automates the processing of often complex government job applications and can quickly link candidates to the appropriate open job slot.

Unable to Handle Volume

At HHS, the system worked well for several months after it went live in October 2003, said Bob Hosenfeld, the agency's deputy assistant secretary for human resources. However, by the time QuickHire was shut off last month, "the software was unable to handle the volume and demands placed on it by the department and applicants," he said.

Monster subsidiary Monster Government Solutions, based in McLean, Va., runs and manages the QuickHire software. The operation's customer list includes some 60 federal agencies, according to a Monster spokeswoman.

The Monster-hosted systems supporting HHS and the DHS went off-line by mutual agreement on March 9. Monster has been working unsuccessfully since then to get the software back up and running.

At the DHS's Customs and Border Protection agency, QuickHire provided a fast way to fill vacant slots, but "glitches in the system" cropped up, said a spokesman. Since then, the application has been unable to handle heavy volume, and it began timing out while job applications were being processed, he said.

Rather than canceling the hosted service, "we basically went back to the drawing board and are trying to work out the glitches," the spokesman said. Those whose job applications have been lost have been contacted via e-mail, to the best of the agency's ability, and have been urged to reapply, he said.

As of April 4, the agency's Web site stated that all job openings would be posted on an alternative government site and that some candidates would need to provide application information via e-mail while QuickHire is down.

Without offering specifics, the Monster Government Solutions spokeswoman said the QuickHire performance issues were the result of "unanticipated and exceptionally high volume of applicants and open positions." She said all of the organizations have been working together to fix the problems, but "at this time, it is unclear how long the sites will be unavailable."

She also said that the company uses multiple database servers for its customers to contain glitches on one machine, which ensures that the current problem "doesn't impact our broader client base."

One of Monster's happy customers is the FBI, where QuickHire was deployed in early 2004.

A spokeswoman said the FBI is "having great success" using the system for both external and internal job candidates. She said the system reduces the number of man-hours involved in processing applications. "Like any new program, we're making changes and additions and updates as determined by ongoing usage," she said. 53653

Sybase Drops Legal Threat On Disclosure of Flaws

Terms reached on technical advisory

BY JAIKUMAR VIJAYAN

Sybase Inc. last week withdrew its legal threat against a U.K.-based bug-bunting firm after the companies reached an agreement about the contents of a software vulnerability disclosure that was at the center of the dispute.

Sybase and Next Generation Security Software Ltd. in Surrey, England, issued a joint announcement about a series of security holes that NGS found in Sybase's Adaptive Server Enterprise database last year. The companies pointed users to a technical advisory posted by NGS and to information on Sybase's Web site about fixes that were released in February.

Two weeks earlier, NGS dropped plans to publicly release details of the database flaws after Dublin, Calif.-based Sybase warned that it would take legal action if NGS went ahead with the disclosure. Sybase said the warning was motivated by concern for the security of Sybase ASE users [QuickLink 53410].

Sherief Hammad, a founding director of NGS, said last week that the research firm agreed to let its vulnerability advisory be edited by Sybase officials after hearing about their concerns.

"We managed to word the advisory in such a way that we felt we had enough details for it to be worthwhile to the public and Sybase felt it had limited ability to be exploited," Hammad said. "At the end of the day, it was a fairly amicable agreement."

Sybase's edits were marginal and didn't alter the meaning of the original content in any way, Hammad said. As part of the deal with Sybase, "there was no agreement that they will get this privileged process every time," he noted.

Hammad added that NGS doesn't plan to revise its vul-

Multivendor Outsourcing Wins Some Fans; Others Not Sold

Approach reduces costs but increases complexity

BY PATRICK THIBODEAU
LOS ANGELES

When IT executives talk about having a "multisourced" environment, they often mean that they're using two or three large outsourcing vendors to run their technology operations. But at Sunoco Inc., multisourcing has meant turning to 17 companies to deliver IT infrastructure services over the past several years.

Tim Murtha, who last week retired from his job as manager of systems at Sunoco after a 40-year career in its IT department, said at an outsourcing conference held here by Gartner Inc. that the petroleum and chemical company believes in using best-of-breed service providers.

Murtha said large outsourcing vendors often subcontract out specialized work, such as managing virtual private networks or IT security functions. By working directly with smaller vendors, Murtha felt that Philadelphia-based Sunoco was in a better position to get lower prices overall. "At the end of the day, we knew we were going to drive a lower unit cost," he said, although he said the real value was increased technology flexibility.

> **"Are these guys going to play well together? That's kind of a big argument against [best-of-breed outsourcing] for us."**
>
> **GEORGE JANNINO,** STARWOOD HOTELS & RESORTS

At the Gartner conference, some attendees wondered whether the cost of managing numerous vendors would offset any possible contract gains. They said that they're trying to find the right formula for using different vendors without adding costs or undermining their existing outsourcing relationships.

George Jannino, director of technology contract management at Starwood Hotels & Resorts Worldwide Inc., said the hardest part of moving to a best-of-breed outsourcing approach is managing the process. "Are those guys going to play well together? That's kind of a big argument against it for us," he said.

White Plains, N.Y.-based Starwood, which owns hotel chains such as Sheraton and Westin, is using two primary IT services vendors. The company previously had relied on IBM to manage its core IT infrastructure. But last fall, it signed a seven-year, $100 million technology and outsourcing contract with Hewlett-Packard Co. as part of a plan to replace its mainframes with Unix and Linux systems [QuickLink 50420].

IBM continues to provide some IT services at Starwood and will play a key role at many of its properties, handling tasks such as installation of kiosks, said Starwood CIO Bill Oates. He added that he isn't ruling out adding a third major vendor to the outsourcing mix, particularly in application development, which is mostly done in-house now.

And despite his reservations about best-of-breed outsourcing, Jannino said the contract with HP is based on a "tower" approach that gives Starwood the ability to terminate individual IT services if HP isn't meeting specified performance levels and shift them to other vendors. That includes functions such as Web hosting and server and desktop support, he said.

Downsides

But other users at the conference pointed out that terminating a vendor's services could result in steep financial penalties, particularly if the outsourcer needs to recoup technology investments.

Having multiple offshore vendors is another issue.

For example, IndyMac Bancorp Inc. last year picked Cognizant Technology Solutions Corp. in Teaneck, N.J., to help with projects such as developing a new loan-origination system, said Mark Nelson, executive vice president of global services at the Pasadena, Calif.-based savings and loan company.

About 60% of Cognizant's work is done offshore, Nelson said. For now, Cognizant is the bank's only offshore vendor. But that could change if the number of Cognizant employees assigned to IndyMac increases from the current level of about 150 people to 250, Nelson added. At that point, IndyMac would be spending enough money that it would "have to think about a second vendor," he said.

Although Nelson said he's convinced that he's getting high-quality work from Cognizant, the bank's top executives will want to know "how we're sure we are getting the best value," he added. "So we'll have to have very capable benchmarking or that second horse in the stable." 53676

Costco Aims to Avoid Offshore Dependency

LOS ANGELES

RETAILER COSTCO Wholesale Corp. uses offshore development but is still hiring lots of programmers internally. Don Burdick, senior vice president of information systems at Costco, said last week that he has about 60 vacancies for developers with RPG, .Net and Java skills on his programming staff, out of a total of 250 positions.

The underlying philosophy at Issaquah, Wash.-based Costco, which had revenue of about $48 billion last year, is "that our own employees do it better," Burdick said at the Gartner outsourcing conference. He added that Costco typically promotes from within when higher-level IT jobs open up, because it wants to retain the business knowledge that workers have accumulated.

"We're actually able to give people good career paths inside our own IT organization, and we believe that encourages them to get in and really learn the business," Burdick said. "That's a huge competitive advantage."

He said that Costco turned to offshore services after it had trouble hiring programmers in 2000, during the height of the dot-com boom. The retailer is using Aliso Viejo, Calif.-based U.S. Technology Resources LLC, which operates an offshore center in Kerala, India.

"It's really important for us in our environment that [internal] people not feel threatened, that they don't feel that their jobs are going away," Burdick said. "Outsourcing has become a euphemism for downsizing, rightsizing, getting rid of people and solving problems."

Costco executives weren't looking at offshore outsourcing as a way to save money, according to Burdick. "In fact, we were looking at it the opposite way – we wanted to leverage our people" for high-value projects such as rewriting the company's membership database, he said.

The offshore developers primarily do maintenance work, although they have been integrated into Costco's workforce and are treated as part of its development teams. But Burdick said he thinks it's essential to keep development expertise in-house "and not become dependent on the outsourcer."

It's also part of Costco's culture to ensure that any outsourcer the company works with pays above the prevailing wage, offers health benefits and uses full-time employees, Burdick said. "We want to raise the standards."

– Patrick Thibodeau

Database Flaw Details

nerability disclosure policies as a result of the incident. NGS officials said they initially disclose the existence of flaws only to the affected software vendors and then wait for patches to be released before going public with the details.

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Multivendor Outsourcing Wins Some Fans; Others Not Sold

Approach reduces costs but increases complexity

BY PATRICK THIBODEAU

When IT executives talk about having a "multisourced" environment, they often mean that they're using two or three large outsourcing vendors to run their technology operations. But at Sunoco Inc., multisourcing has meant turning to 17 companies to deliver IT infrastructure services over the past several years.

Tim Murtha, who last week retired from his job as manager of systems at Sunoco after a 40-year career in its IT department, said at an outsourcing conference held here by Gartner Inc. that the petroleum and chemical company believes in using best-of-breed service providers.

Murtha said large outsourcing vendors often subcontract out specialized work, such as managing virtual private networks or IT security functions. By working directly with smaller vendors, Murtha felt that Philadelphia-based Sunoco was in a better position to get lower prices overall. "At the end of the day, we knew we were going to drive a lower unit cost," he said, although he said the real value was increased technology flexibility.

> **"Are these guys going to play well together? That's kind of a big argument against [best-of-breed outsourcing] for us.**
>
> **GEORGE JANNINO,** STARWOOD HOTELS & RESORTS

At the Gartner conference, some attendees wondered whether the cost of managing numerous vendors would offset any possible contract gains. They said that they're trying to find the right formula for using different vendors without adding costs or undermining their existing outsourcing relationships.

George Jannino, director of technology contract management at Starwood Hotels & Resorts Worldwide Inc., said the hardest part of moving to a best-of-breed outsourcing approach is managing the process. "Are those guys going to play well together? That's kind of a big argument against it for us," he said.

White Plains, N.Y.-based Starwood, which owns hotel chains such as Sheraton and Westin, is using two primary IT services vendors. The company previously had relied on IBM to manage its core IT infrastructure. But last fall, it signed a seven-year, $100 million technology and outsourcing contract with Hewlett-Packard Co. as part of a plan to replace its mainframes with Unix and Linux systems (QuickLink 50420).

IBM continues to provide some IT services at Starwood and will play a key role at many of its properties, handling tasks such as installation of kiosks, said Starwood CIO Bill Oates. He added that he isn't ruling out adding a third major vendor to the outsourcing mix, particularly in application development, which is mostly done in-house now.

And despite his reservations about best-of-breed outsourcing, Jannino said the contract with HP is based on a "tower" approach that gives Starwood the ability to terminate individual IT services if HP isn't meeting specified performance levels and shift them to other vendors. That includes functions such as Web hosting and server and desktop support, he said.

Downsides

But other users at the conference pointed out that terminating a vendor's services could result in steep financial penalties, particularly if the outsourcer needs to recoup

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Costco Aims to Avoid Offshore Dependency

LOS ANGELES

RETAILER COSTCO Wholesale Corp. uses offshore development but is still hiring lots of programmers internally. Don Burdick, senior vice president of information systems at Costco, said last week that he has about 60 vacancies for developers with RPG, .Net and Java skills on his programming staff, out of a total of 250 positions.

The underlying philosophy at Issaquah, Wash.-based Costco, which had revenue of about $48 billion last year, is "that our own employees do it better," Burdick said at the Gartner outsourcing conference. He added that Costco typically promotes from within when higher-level IT jobs open up, because it wants to retain the business knowledge that workers have accumulated.

"We're actually able to give people good career paths inside our own IT organization, and we believe that encourages them to get in and really learn the business," Burdick said. "That's a huge competitive advantage."

He said that Costco turned to offshore services after it had trouble hiring programmers in 2000, during the height of the dot-com boom. The retailer is using Aliso Viejo, Calif.-based U.S. Technology Resources LLC, which operates an offshore center in Kerala, India.

"It's really important for us in our environment that [internal] people not feel threatened that they don't feel that their jobs are going away," Burdick said. "Outsourcing has become a euphemism for downsizing, rightsizing, getting rid of people and solving problems."

Costco executives weren't looking at offshore outsourcing as a way to save money, according to Burdick. "In fact, we were looking at it the opposite way – we wanted to leverage our people" for high-value projects such as rewriting the company's membership database, he said.

The offshore developers primarily do maintenance work, although they have been integrated into Costco's workforce and are treated as part of its development teams. But Burdick said he thinks it's essential to keep development expertise in-house "and not become dependent on the outsourcer."

It's also part of Costco's culture to ensure that any outsourcer the company works with pays above the prevailing wage, offers health benefits and uses full-time employees, Burdick said. "We want to raise the standards."

– Patrick Thibodeau

Database Flaw Details

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BRIEFS

Siebel Issues Q1 Earnings Warning

Siebel Systems Inc. warned that revenue and earnings for its first fiscal quarter fell below expectations. Siebel expects revenue of $297 million to $300 million for the quarter that ended March 31. The consensus forecast of analysts was $337.5 million. Software license revenue will likely decline from $126.8 million last year to $75 million. In last year's first quarter, Siebel's revenue was $329.3 million. (See the editorial on page 20 for more on this.)

HP Plans to Unveil Linux NAS Device

Hewlett-Packard Co. is readying a new Linux-based enterprise-quality network-attached storage (NAS) device to be managed using its StorageWorks Grid architecture. It will be launched May 16 at the HP StorageWorks Conference in Las Vegas. HP also plans to announce a refresh of its Enterprise Virtual Array product line.

Stone Named CEO At StreamServe

Former Novell Inc. executive Chris Stone was named CEO and president of StreamServe Inc., a business communications management vendor. Stone replaces StreamServe co-founder Hans Otterling, who is now vice chairman of the board. Stone left Novell last November after helping it acquire SUSE Linux AG and taking it on an open-source track.

Progress Spends $25M for Apama

Progress Software Corp. has acquired privately held Apama Inc. for about $25 million in cash. Apama sells event stream processing technology, mostly to the financial services industry. Apama will become part of Progress' ObjectStore unit, whose real-time data infrastructure technology will be integrated with Apama's offerings.

ON THE MARK

HOT TECHNOLOGY TRENDS, NEW PRODUCT NEWS AND INDUSTRY GOSSIP BY MARK HALL

MATTHEW FAULKNER

CIOs Target Service And Support . . .

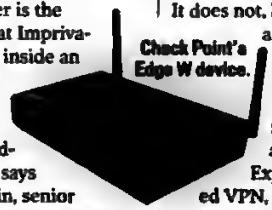
. . . fees for their next budget cuts. That should send a shiver down the spine of many a CFO at software vendors that slap 15%, 18% or 20% annual taxes, if you will, on top of their license prices. According to survey results released last month by the San Diego-based Service & Support Professionals Association, more than half of the 220 IT managers it polled last fall said they want to chop those fees. "CIOs have already taken a big chunk out of the licensing part," says Irfhan Rajani, CEO of Apparent Networks Inc. in Vancouver, British Columbia. "Now they're turning their focus on the next chunk of cash — the annuity stream of maintenance fees." Despite the high margins generated by that stream, Rajani says software vendors have long considered their service and support divisions "as the poor cousin," investing minimally in their operations. As a result, software support is often viewed by users as ineffective or unresponsive, he says. But Rajani adds that in the current climate of perceived overpricing and underperformance on support, vendors "have to justify this annuity stream to their customers." That could result in lower costs or improved services that make the fees worth it, he suggests. If better service is more important than budget cuts, IT managers should scrap their penchant for service-level agreements with vendors in favor of service-quality agreements, Rajani says. The difference between an SLA and an SQA is more than one letter, he argues. An SLA will guarantee so much bandwidth or so many 9s of uptime for an application. But what you really want is an agreement that guarantees the response time of your applications, which is what an SQA demands. So, when you negotiate your next service and support deal, think service quality. Oh, and bring an ax to the meetings — maybe labeled "Ax the tax." Your vendors will get the idea.

Identity management isn't just a security . . .

. . . headache; it's also a productivity drain. The No. 1 problem that help desk staffers solve is resetting end-user passwords. That's because people inside big companies have too many. Eight per user is the minimum that Imprivata Inc. found inside an unspecified number of large corporations it studied last year, says Omar Hussain, senior vice president of marketing and product management at the Lexington, Mass.-based vendor. And that's too many for one poor soul to remember, he argues. The solution? Single sign-on technology, Hussain says — specifically, Imprivata's OneSign appliance. Next month, Imprivata will release Version 2.8 of the OneSign software, adding support for biometric and smart-card devices from vendors including Vasco Data Security International Inc., Gemplus International SA and Supercom Canada Ltd. OneSign can handle as many as 25,000 Windows end users and creates detailed reports about who accessed what and when — a big plus in this era of compliance auditing. Pricing starts at $60 per user.

Wireless security appliance offers . . .

. . . an access point, a firewall and a virtual private network. The VPN-1 Edge W from Check Point Software Technologies Ltd. in Redwood City, Calif., ships this week with a starting price of $799. The new device supports 802.11 Super G, which doubles wireless data transmission rates to 108Mbit/sec. and triples the range of access points to 300 meters indoors and 1 kilometer outdoors. The appliance handles WEP, WPA and IPsec encryption and can function as your print server. It does not, however, include a kitchen sink among its features. Check Point will also ship by next week an extension to Express, its integrated VPN, firewall and intrusion-prevention system software, which is aimed at midsize companies. Check Point Express CI adds antivirus software to its gateway server. Pricing starts at $4,000.


Check Point's Edge W device.

Single sign-on for desktop Linux . . .

. . . users is here, too. Ken Hetzer, vice president of business development at TFS Technology Inc., says the Herndon, Va.-based company last month started shipping TFS Workstation Control for Linux software, which joins its Windows offering. Both products use a Linux or Unix server to centrally manage and store end-user credentials and passwords. By Q4, TFS will add biometric and smart-card support for Linux desktop systems, Hetzer says. He acknowledges that the Linux desktop market is small. But, he says, "we're going to be on the forefront for organizations moving to Linux." Hetzer adds that TFS is looking "very closely" at adding single sign-on support for end-user devices such as Macintoshes and Palm handhelds. Pricing for both the Linux and Windows versions starts at $50 per seat. **53633**

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CA's Top Exec Aims for More-Focused Operations

Swainson creates five separate software development units, seeks data on ROI

BY MATT HAMBLEN

Computer Associates International Inc. last week formally announced a reorganization of its product operations into five business units with their own development, marketing and profit-and-loss responsibilities. The changes were set in motion earlier this year by **John Swainson**, *CA's new president and CEO [QuickLink 52225]. Swainson, who joined CA in November, spoke with* Computerworld *last week about the formation of the business units and other issues. Excerpts from the interview follow:*

You're outlining five new business units and other changes at CA.

Why now? It's a follow-up to what was said last December about how to get CA focused and aligned, and with all [parts of the company] pulling on the same rope. We've obviously been in our final quarter of the fiscal year, and that didn't seem like a great time for organizational changes. But now we're through that.

What's your goal in creating individual business units? This is what you need if you manage a company the size of CA. You can't manage it from the corner office. You have to create managers focused on well-defined markets and goals, and you have to give them the power to go after those goals. You have to manage the company overall in a way that looks at ROI and invested capital, and that's not historically how CA was run. We didn't have a view of how much was spent in a business and what return you would get from it.

Are these changes tied to the SAP-based ERP system that CA is developing? It will be absolutely tied to the ERP system, which is why we had to do it now. The idea of business units was kicking around CA for a couple of years. In 2001, we took the first step with two business units, one for security and one for everything else. Then the company got distracted, as you might imagine, and nothing happened for a while.

What are the corporate customers you've met with over the past few months telling you about CA? I've talked to hundreds of them, and they're all pretty positive about what they think the relationship with CA can be. A lot are waiting for us to deliver on our promises, frankly. We have more to do in that regard.

I'm sure people ask you about CA's internal accounting difficulties and the settlement deal that the company signed with the government last year. Yes, many customers have asked what we're doing to change and how we can ensure [that] something similar won't happen again. So I tell them we've changed five of the top financial executives, we've replaced all 10 lawyers, we have a new CFO, CEO and chief marketing officer. Then I say that we're investing in new ERP software and have a new compliance officer.

Your letter to customers about the new business units also mentions the need to beef up CA's indirect sales channel, since it accounts for only about 10% of your sales, with the industry average at 50%. What is a good level for CA? Well, 10% can't be right. But I don't know if we'd ever make it to 50%. Channel partnerships will help us broaden our reach.

We'll continue to focus on direct [sales to large] accounts. But indirect sales will serve the midtier segment, with whom we have no relationships now. **53671**

READ MORE

An extended version of our interview with John Swainson is available online:

QuickLink 53689
www.computerworld.com

Internal Changes, Acquisition Seen as Steps Forward

IN ADDITION to its internal makeover, Computer Associates last week announced another acquisition, saying that it has agreed to buy network service management software vendor Concord Communications Inc. for about $330 million in cash.

Analysts said these developments are signs that CA is starting to move forward after reaching settlements last fall with the U.S. Department of Justice and the Securities and Exchange Commission over an alleged accounting fraud scheme at the company in 1999 and 2000 [QuickLink 40647].

"To a certain extent, the sleeping giant of CA is awakening," said Stephen Elliott, an analyst at Framingham, Mass.-based IDC. Elliott said the new business-unit structure should make CA's operations more efficient and focused. He added that the Concord acquisition will give CA new customer accounts among telecommunications vendors and service providers.

CA has had "a lot of big question marks over its head for a while," noted Dennis Drogseth, an analyst at Enterprise Management Associates in Boulder, Colo. "All of a sudden, they have a new structure and a major acquisition with Concord. It could position them well."

The five business units being created by John Swainson, CA's president and CEO, include separate operations for enterprise systems, security and storage management, as well as a Business Service Optimization group that will develop tools to support functions such as business process modeling and IT governance.

The fifth unit, called the CA Products Group, will be responsible for existing offerings that fall outside of the company's core technology areas. Those products include application development and mainframe database management tools, a CA spokesman said.

CA said the general managers of the business units will be accountable for the financial performance of their own operations and will be in charge of staffing, strategic planning and customer satisfaction, in addition to product development and marketing.

The Concord acquisition is expected to be completed within three to four months. CA said the Marlboro, Mass.-based company's operations will be integrated into the enterprise systems management business unit.

– *Matt Hamblen*

IT Glitch Halts Payments To GM Workers, Retirees

BY TODD R. WEISS

Data-transfer problems during a switch of health insurance benefits administrators at the start of this year continue to cause problems for thousands of General Motors Corp. employees and retirees.

Sharon Baldwin, a spokeswoman for GM, confirmed last week that an unknown number of GM workers, retirees and their dependents are still having problems getting health care and prescription bills paid more than three months after Boston-based Fidelity Investments took over as administrator of the plan.

"No one has lost benefits, and they still have continuity of care" while the glitches are being resolved, Baldwin said.

Previously, GM workers and retirees were served by three different health care administrators, she said. On Jan. 1, GM replaced the three with a single administrator, Fidelity.

The accounts of 1.1 million workers, retirees and dependents were to be transferred from the previous administrators to Fidelity. However, about 2%, or 22,000 accounts, didn't transfer properly before the new system went live, Baldwin said.

Many of the problem accounts were found through testing before the system went live, but thousands of other problem accounts initially went undetected. GM and Fidelity heard about the problems when workers and retirees called to complain about difficulties they were having with their insurance benefits, she said.

Baldwin wouldn't estimate the number of workers and retirees who are still having trouble with their accounts.

"We have emergency processes in place so that everybody has coverage, and we'll do whatever they need" to be sure that claims are paid, Baldwin said. GM moved to just one benefits administrator so that workers and retirees could manage their benefits through a single point of contact, she said. GM has about 170,000 workers in the U.S.

A Fidelity spokesman declined to comment on the matter, and a spokesman for the United Auto Workers union didn't return calls seeking comment. **53670**

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BRIEFS

Microsoft Delays HPC Availability

Microsoft Corp. pushed back the release of a version of Windows Server for high-performance computing (HPC) until the first half of next year. Windows Server 2003 Compute Cluster Edition was to ship by year's end, but Microsoft said it needs more time to make the product easier to manage and deploy. The first beta version will ship in the second half of 2005.

IBM Signs Reseller Deal With NetApp

IBM has signed an agreement to resell Network Appliance Inc. storage products under the IBM logo. Under the pact, IBM will rebrand NetApp's network-attached storage and iSCSI/IP SAN products and software. The rebranded products will ship in the third quarter. The pact also calls for increased integration of NetApp's products with IBM's Tivoli Storage Manager software.

VeriSign Beefs Up Server Supply

VeriSign Inc., which operates the .com and .net domain names, plans to add more regional resolution servers to its existing constellation to keep up with growing Internet traffic. The company operates 18 Internet servers worldwide that handle more than 14.5 billion queries a day. VeriSign estimates that global Internet traffic doubles every 12 to 18 months.

NEC, Sun Expand Integration Alliance

NEC Corp. and Sun Microsystems Inc. are expanding an alliance to more closely link systems integration, networking and middleware technologies. NEC will combine its Univerge voice-over-IP gear with Sun's SunRay blade servers, and the companies will promote the result as a SunRay reference architecture. Also, NEC will integrate its Valuemo platform with Sun's Java Enterprise System.

SAS, Hyperion Revamp BI Tools

Both firms looking to provide broader user access to data

BY HEATHER HAVENSTEIN

SAS INSTITUTE INC. and Hyperion Solutions Corp. this week will unveil revamped business intelligence offerings they said will meet enterprise demands for broader access to the tools among business users.

At its international user conference in Philadelphia, SAS plans to roll out an enhanced SAS Enterprise BI Server — a major component of its SAS 9 Intelligence Platform — with a simplified user interface for business users to conduct queries and analysis. In addition, SAS will announce plans to bundle its OLAP Server with the enterprise server so users can create cubes and view multidimensional data within reports.

SAS officials said the updated offerings target the low-end tools of rivals Cognos Inc. and Business Objects SA.

"SAS has always been in the BI space, but it's always been ... where the power users have been," said Jim Goodnight, CEO of Cary, N.C.-based SAS. "We figured out a way to easily hook all our analytics capabilities into the BI platform."

Atlanta-based Delta Technology Inc., the IT division of Delta Air Lines Inc., rolled the SAS 9 tools into production two weeks ago, said Brent Browning, vice president of network systems at Delta Technology. His group is eyeing the new BI server for users in its pricing and revenue departments.

"We're hoping to move SAS beyond the high-end analytics ... and really make it an ad hoc reporting tool and standard reporting tool in our environment," he said.

Cindi Howson, a faculty member at The Data Warehousing Institute in Seattle and author of the independent "BI Scorecard" report, which evaluates BI tools, said the enhancements are overdue because SAS has long beeo "taking a beating for being too complex" for business users.

With the new version of the server sophisticated users can access advanced analytics through a metadata layer, and business users can use a report-building wizard for easier access to data, she said.

New Suite

For its part, Santa Clara, Calif.-based Hyperioo will detail an enhanced business performance management suite at its user conference this week in New Orleans.

Hyperion Applications Suite 4 features a single user interface that executives said will allow users enterprisewide to tap into its enterprise planning, reporting and analysis products. It also provides a single Excel spreadsheet front end for users to read, write and interact with the new products.

AutoTrader.com LLC, a beta user of the new suite, plans to use the planning module within it to give more users access to financial planning data, said Dan Crowe, CIO at the Atlanta-based company.

"We don't want planning to be in an ivory tower ... that has no context in reality," Crowe said. "We're going to farm it out to all the directors who run the departments. We're trying to make the people who are accountable for the results be accountable for the plan." 53674

NEW PRODUCTS

Hyperion Applications Suite 4

- Single user interface for enterprise planning, reporting and analysis
- Excel spreadsheet front end to let users read, write and interact with multiple Hyperion products

SAS Enterprise BI Server

- Simplified user interface for query and analysis
- Integration with OLAP Server and clients
- Integration of geographic visualization

New Chips, Standards Expected at SNW Event

BY LUCAS MEARIAN

New intelligent network management chips, 4Gbit/sec. Fibre Channel technology and a multitude of iSCSI switches, controllers and network cards are anticipated at this week's Storage Networking World (SNW) show in Phoenix. Attendees can also expect an update on the status of several storage standards during the event.

Arun Taneja, founder of research firm The Taneja Group in Hopkinton, Mass., said that several "intelligent chips" in new products will be demonstrated for users at SNW.

"These are intelligent processors chip makers have been building for the past three or four years," he said. The chips will play a key role in a flurry of announcements from network vendors, including EqualLogic Inc., LeftHand Networks Inc. and Entrada Networks Inc., Taneja said.

Taneja also expects some system-level disk products to come out of the show, including a new Clariion array with an iSCSI interface from EMC Corp. The company is also expected to showcase its Storage Router virtualization technology, which was unveiled at the SNW show last fall and is slated to ship in the first half of this year.

Making the Switch

Meanwhile, Brocade Communications Systems Inc. will be unveiling 4Gbit/sec. Fibre Channel switches as upgrades to its SilkWorm line. The SilkWorm 4100 switch will sport an application-specific integrated circuit chip and is expected to provide enhanced network-based management features and higher throughput.

Storage Technology Corp. will disclose plans to resell Brocade's new 4Gbit/sec. switches along with its latest array, the StorageTek FLX380 storage system. The FLX380, also set to be unveiled at the show, builds on the FlexLine family of modular arrays but is expected to offer lower acquisition and expansion costs.

LSI Logic Corp. will introduce its eight-port MegaRAID serial-attached SCSI (SAS) adapter, which is designed to allow users to mix and match higher-performance disks with lower-cost Serial ATA (SATA) disks. LSI will also unveil its first SAS RAID 6 controller and an iSCSI array that's designed to let administrators build an IP-based SAN using SATA-based arrays.

In addition to the vendors' announcements, the Storage Networking Industry Association (SNIA) will use the SNW stage to announce that the Storage Management Interface Specification (SMI-S), a common management interface for storage management software and devices, has been submitted to the InterNational Committee for Information Technology Standards.

SNIA will also introduce SMI-S 1.1, which is intended to offer common management features between network-attached storage arrays, iSCSI arrays, tape libraries and a multipathing management application programming interface. 53668

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GLOBAL

An International IT News Digest

U.S., Europe Differ Over Biometric Passport Date

LONDON

THE EUROPEAN UNION and the U.S. government are squabbling over the U.S.-imposed deadline of Oct. 26 for European travelers to carry biometric passports in order to enter the U.S. without a visa.

Last month, the EU requested an extension to Aug. 28, 2006, which is when EU member countries expect to have passports that work with facial recognition systems. But in a March 31 letter, U.S. House Judiciary Committee Chairman F. James Sensenbrenner (R-Wis.) replied that an extension isn't likely and urged the EU to speed up its development efforts.

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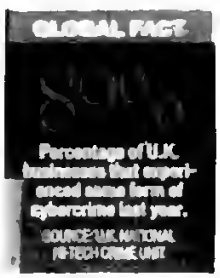
■ LAURA ROHDE, IDG NEWS SERVICE


GLOBAL FACT
Percentage of U.K. businesses that experienced some form of cybercrime last year.
SOURCE: UK NATIONAL HI-TECH CRIME UNIT

RFID Will Open Gates For World Cup Soccer

DÜSSELDORF, GERMANY

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But privacy activists criticized the plan because fans applying for a ticket must submit various types of personal data, such as their addresses, phone numbers, birth dates and passport numbers, on the registration form.

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Five Vendors Support EU Case vs. Microsoft

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■ PETER SAYER, IDG NEWS SERVICE

Compiled by Mitch Betts.

Briefly Noted

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■ ROBERT McMILLAN, IDG NEWS SERVICE

said it's field-testing disk drives based on perpendicular recording, a technology that could lead to 1TB desktop drives and 20GB versions of its Microdrive in 2007, officials said last week in Tokyo.

■

Fujitsu Launches Itanium Servers for Linux, Windows

Mainframe-class systems support 32 processors

BY ROBERT McMILLAN

Fujitsu Ltd. last week introduced two Itanium-based servers designed to offer mainframe-class features to Windows and Linux users.

The PrimeQuest 440 and 480 systems, which have been in development for more than two years, represent Tokyo-based Fujitsu's first attempt at building high-end systems around Intel Corp.'s 64-bit Itanium 2 microprocessor.

Chiaki Ito, corporate executive vice president, said at a press conference in San Francisco that PrimeQuest is Fujitsu's next generation of mainframes. "However, this mainframe is different from the current legacy mainframes," he noted.

When the new servers become available in June, they will initially support only Red Hat Inc.'s version of Linux. Support for Novell Inc.'s SUSE Linux operating system and Microsoft Corp.'s Windows Server 2003 Datacenter Edition software is expected by September, Fujitsu said.

Electronic Data Systems Corp. is considering using the Fujitsu machines to consolidate Windows applications on one box without the complexity or expense of a clustered server architecture, said Stan Alexander, vice president of technology strategy and architecture at EDS. "We're starting to see a lot more movement toward growing large workloads on Windows," he said. The IT services vendor plans to test its first PrimeQuest systems within the next several months, Alexander added.

The PrimeQuest 480 is a 32-processor system that will ship with as much as 512GB of memory; the PrimeQuest 440 will support up to 16 processors and 256GB. The systems will eventually support as much as 1TB of memory, but Fujitsu executives declined to say when that will happen.

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PrimeQuest isn't Fujitsu's first foray into the Itanium market, but its earlier offering was limited to the Primergy server line, which supports only four CPUs.

Though Itanium has failed to live up to initial expectations for adoption by corporate users, Unisys Corp., NEC Corp. and Hitachi Ltd. have all preceded Fujitsu in announcing mainframe-class systems based on the processor.

Sales of Itanium servers totaled $1.4 billion last year, according to research firm IDC. Building servers that can add mainframe-class reliability to Windows and Linux applications is a logical next s for server vendors, said IDC analyst Jean Bozman. **53678**

McMillan writes for the IDG News Service.

Corrections

Due to incorrect information that was provided to *Computerworld*, the name of Ramin Sayar, director of product marketing at Mercury Interactive Corp., was misspelled in a story that ran in last week's News section ("Tools Bridge IT, Operations").

Last week's Technology section story about IP-based storage ("Invasion of the iSCSI Arrays") inaccurately described the number of workers at Schenck Business Solutions. The Milwaukee-based accounting firm has a total of about 500 employees.

GLOBAL

An International IT News Digest

U.S., Europe Differ Over Biometric Passport Data

LONDON

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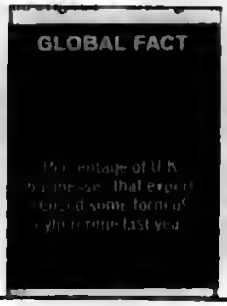

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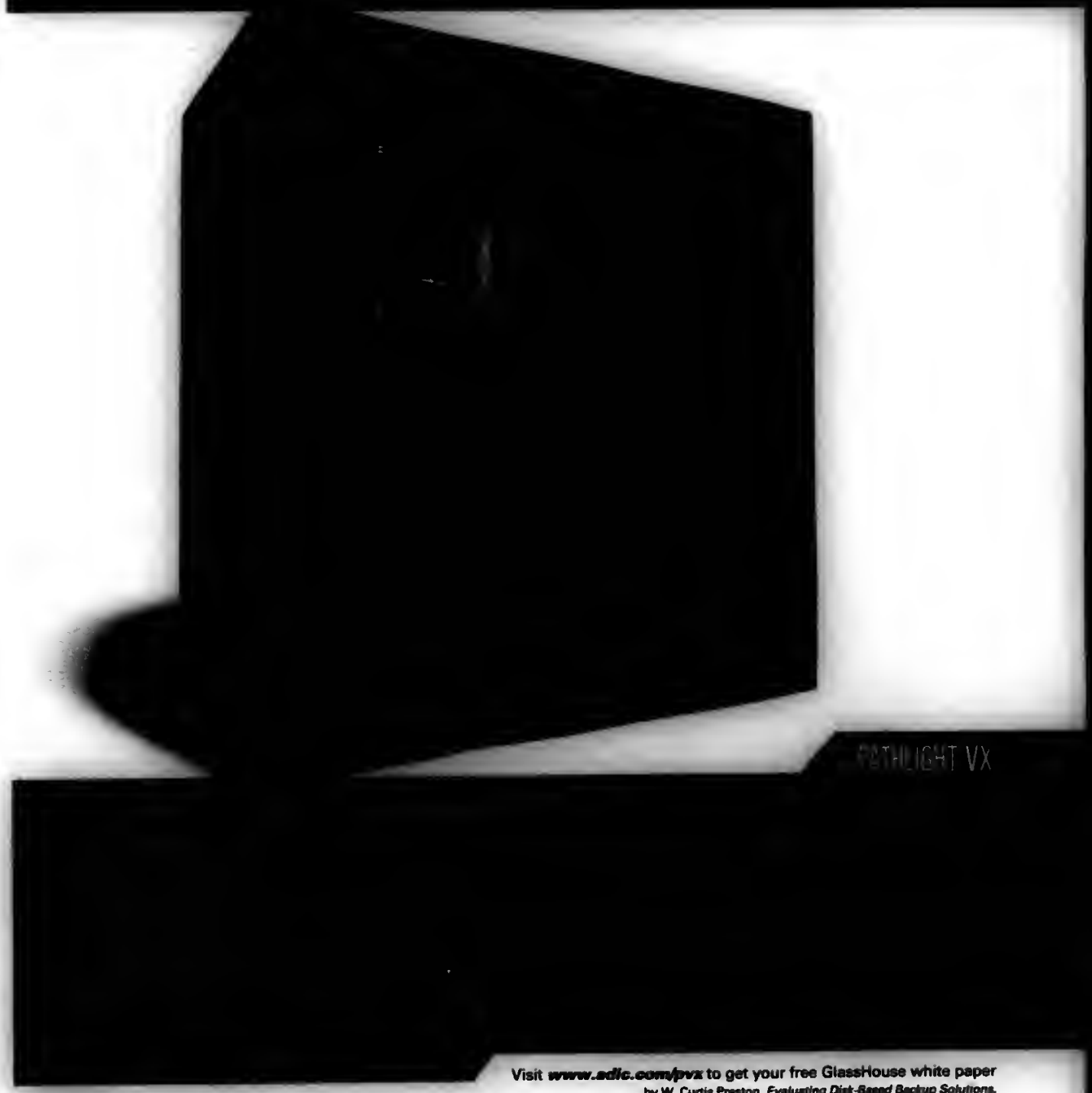
THE BRAINS TO BACK IT UP.



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Continued from page 1

HIPAA

formation Management Association, which has about 50,000 members, today plans to release the results of a survey it conducted in January among privacy, security and compliance officers. Just 18% of the 1,140 respondents said their companies were fully compliant with the HIPAA security rules, according to Harry Rhodes, the Chicago-based association's director of practice leadership. But another 44% said they were close to achieving compliance (see chart).

"While it appears that organizations are continuing to ward compliance, there are many that are still struggling," said Devin Jopp, chief administrative officer at URAC, a nonprofit accreditation agency for the health care industry. Companies are dealing with many of the same issues they cited as hurdles when Washington-based URAC conducted a similar survey last April, Jopp said.

The compliance-related problems cited in the studies include technology and process integration issues, time and budget constraints, and a lack of understanding of how to implement the rules.

The security rules, which are being administered by the federal Centers for Medicare & Medicaid Services, require all companies handling electronic health data to implement fully auditable steps for controlling access to confidential information and protecting it against compromise and misuse.

But the rules document does not specify the technologies that companies need to adopt. That "makes it kind of vague" for implementation purposes, said Mark Maher, security administrator at the Ochsner Clinic Foundation, which operates a hospital in New Orleans and 25 medical clinics throughout Louisiana.

"It tells you what you have to do, but how you do it is left open to you," Maher said. That has left a "lot of people confused about what exactly is required," he added.

Ochsner used a tool from consulting firm Meta Group Inc. to help it translate the HIPAA requirements into enterprisewide policies, standards and guidelines for complying with the security rules, Maher said.

As part of the process, the foundation has implemented measures for encrypting all outgoing e-mail that contains protected data, eliminating the use of the file transfer protocol and requiring business partners to connect only via virtual private networks.

Even so, the integration of system logs from multiple sources — which is needed to ensure that an audit trail exists for all access to protected data — has been a huge challenge, Maher said. Ochsner is currently evaluating products for integrating its logs.

"One of the key issues with HIPAA is the audit-trail concept of having procedures in place [and] having accountability," said Christopher Borod, supervisor of network and technical services at Good Samaritan Health System in Lebanon, Pa. Good Samaritan has deployed a security dashboard from NetIQ Corp. that automates the collection of log information from multiple systems, Borod said.

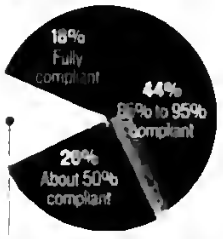
But Jopp noted that he knows of "large contingents of companies that are struggling with integrating their system logs for review."

The HIPAA rules set noncompliance penalties of up to $25,000 per violation. But the enforcement process will be initiated only if a complaint is filed against a health care organization.

The lack of a strong enforcement component has resulted in a somewhat "lackadaisical attitude" among some companies, HIMSS's Sensmeier said. There's no urgency, she added, "because no one is going to be waiting to come into your organization on April 21 to see if you are compliant." **53677**

Security Standing

What is your organization's level of compliance with HIPAA's data security rules?



12%: Less than 50% compliant

Base: 1,140 privacy, security and compliance officers surveyed in January

Data Mandates

The HIPAA security rules require health care companies to address the following areas:

- **Security standards** for protection of personal health data stored electronically
- **Administrative safeguards** for managing information security measures.
- **Physical safeguards** for protecting health data.
- **Technical safeguards** relating to the technology used to protect information.
- **Organizational requirements,** including standards for contracts with business partners.
- **Policies, procedures and documentation requirements.**

MORE THIS ISSUE

HIPAA compliance requires more than just writing a policy. **Page 36**

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Freddie Mac

new software is helping the McLean, Va.-based company to automate its year-end financial reporting process and tighten its controls.

It took Freddie Mac six months to issue its fiscal 2003 earnings report, DeLeo said. Thanks in part to its development of Java-based reporting and reconciliation systems, the company issued its 2004 report in half that time, he said. Freddie Mac expects to pare its year-end close to 15 days this year and to just seven days in 2006, said Wilson Davis, who became vice president of finance technology services 18 months ago to help improve the company's reporting procedures.

Closing in seven days would place Freddie Mac on par with blue-chip financial services companies such as Goldman, Sachs & Co. and Citigroup Inc., said Paul Healy, chairman of the accounting and control unit at Harvard Business School.

Enabling Freddie Mac officials to close the books faster "would presumably allow them to know if there are problems more quickly so they could respond more quickly," said Healy.

The bulk of the internally developed systems work with the PeopleSoft general ledger accounting software that Freddie Mac has used for six years.

Engines of Change

The new systems have so far come in stages. In 2003, Freddie Mac built a portfolio subledger system to pull all of its investment activities into a single system using data reporting, data mapping and ETL (extract, transform and load) tools from vendors such as MicroStrategy Inc. and Ascential Software Corp., said DeLeo.

Last year, Freddie Mac built valuation and amortization engines using Java to automate the securitization and resecuritization of mortgages, Davis said. Those tools, which Freddie Mac began using in August, enable the company to close out its securities portfolio on an intramonth basis rather than having to wait until the end of each month to conduct the valuations, he added.

The $45 million budgeted for this year will be spent partially on packaged applications to automate the company's debt and derivatives operation, according to DeLeo. Freddie Mac will seek proposals this summer.

A chief factor behind Freddie Mac's improvements has been a close collaboration between its business and IT organizations, said DeLeo. "A lot of people talk about IT and business alignment. This is beyond that," said DeLeo. For instance, he noted that on many nights, IT and business managers work side by side evaluating the company's financial systems efforts. **53667**

Technology Boosts MCI Processes

MCI INC., another company that was caught up in a major accounting scandal, has turned to technology to firm up its financial processes.

Last year, the telecommunications company, formerly WorldCom Inc., developed a homegrown software module that has helped it improve the accuracy and consistency of commercial tax reporting, said Rose Hauser, vice president of revenue and enterprise systems at MCI.

As part of its Sarbanes-Oxley Act preparations last year, MCI also spent a lot of time adding security and user-access controls to its SAP AG general ledger accounting system and other core financial systems, she said. Also in 2004, MCI shaved two days off the time it takes to close its books each month by automating a series of financial processes, said Hauser.

At the moment, MCI takes about 10 business days to close out its monthly sales cycles from an information systems perspective, said Hauser. The company's goal is to obtain a "virtual close" within four to six business days over the next 18 months, she added.

– Thomas Hoffman

Continued from page 1

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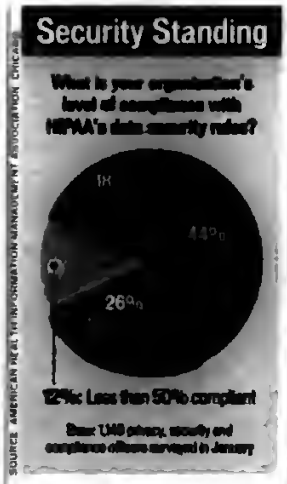
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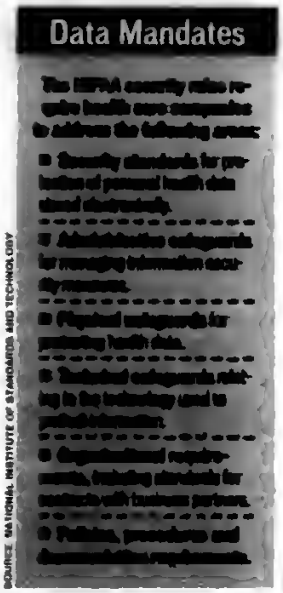

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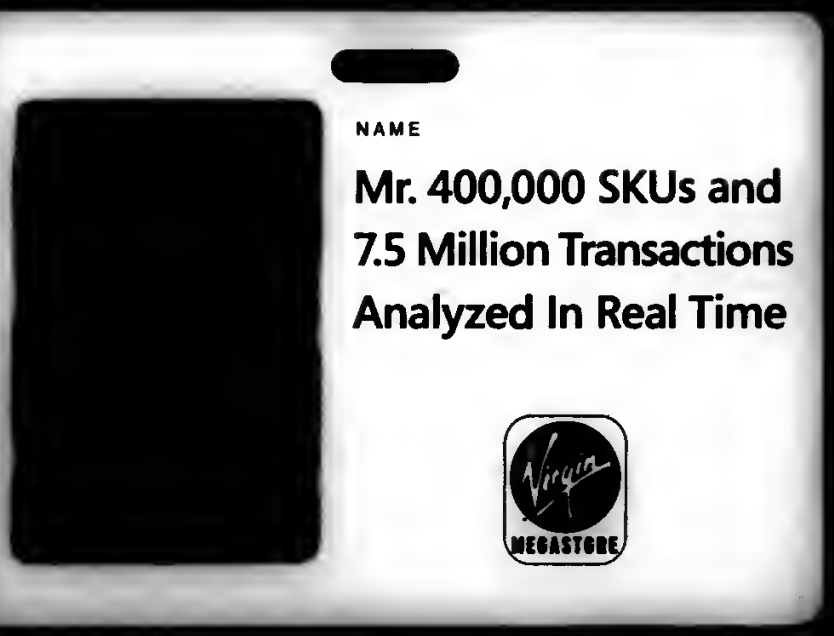
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7.5 Million Transactions
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Virgin
MEGASTORE

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Robert Fort
Director of IT, *Virgin Entertainment Group, North America*

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DON TENNANT

A Plot Twist

TALK ABOUT LOUSY TIMING. Right when Siebel Systems' PR machine was entrenched in a campaign to get the press to write about the company's improving performance under CEO Michael Lawrie, it had a cave-in when Lawrie was forced to explain first-quarter earnings results that were almost as lousy as the timing.

It began as a classic PR maneuver: Convince the press to regurgitate the "Chapter 2" strategy Siebel introduced last October [QuickLink 49926] by using Lawrie's approaching one-year anniversary at the helm as the news hook. Then the quarterly-results bomb was dropped. At least the company's marketing guys could take heart that they hadn't used Roman numerals for the campaign. "Chapter II" looks way too much like "Chapter 11." The jokes would have been relentless.

Last week, instead of waxing poetic on his authorship of the new chapter, Lawrie, a 26-year IBM veteran who took the CEO reins from company founder Tom Siebel last May [QuickLink 46697], had to account for his surprise that Siebel's first-quarter revenue was so low. The CRM vendor now expects the figure to be in the range of $297 million to $300 million, down from analysts' projections of $337.5 million and the $329.3 million it generated in the first quarter of last year. Siebel is looking at software license revenue of about $75 million for the quarter, compared with $126.8 million in last year's first quarter.

According to a Siebel statement, Lawrie blamed the shortfall on "a combination of poor execution on our part, exacerbated by a challenging economic and IT environment." It turns out the company was counting on some contracts that didn't get wrapped up by April Fool's Day.

What's puzzling about all this isn't the poor execution. Hey, who among us is immune to that particular affliction? The real head-scratcher is how the whole thing could have caught Siebel's top brass so off-guard.

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Underwood, Iowa

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Senior computer engineer, Grand Haven, Mich., atrue@yahoo.com

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More letters, page 23

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DON TENNANT

A Plot Twist

TALK ABOUT LOUSY TIMING. Right when Siebel Systems' PR machine was entrenched in a campaign to get the press to write about the company's improving performance under CEO Michael Lawrie, it had a cave-in when Lawrie was forced to explain first-quarter earnings results that were almost as lousy as the timing.

It began as a classic PR maneuver: Convince the press to regurgitate the "Chapter 2" strategy Siebel introduced last October [QuickLink 49926] by using Lawrie's approaching one-year anniversary at the helm as the news hook. Then the quarterly-results bomb was dropped. At least the company's marketing guys could take heart that they hadn't used Roman numerals for the campaign. "Chapter II" looks way too much like "Chapter 11." The jokes would have been relentless.

Last week, instead of waxing poetic on his authorship of the new chapter, Lawrie, a 26-year IBM veteran who took the CEO reins from company founder Tom Siebel last May [QuickLink 46697], had to account for his surprise that Siebel's first-quarter revenue was so low. The CRM vendor now expects the figure to be in the range of $297 million to $300 million, down from analysts' projections of $337.5 million and the $329.3 million it generated in the first quarter of last year. Siebel is looking at software license revenue of about $75 million for the quarter, compared with $126.8 million in last year's first quarter.

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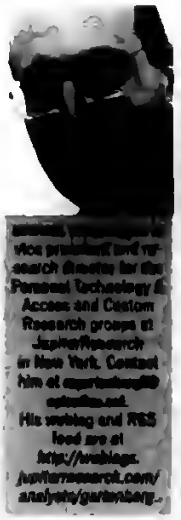

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DAN GILLMOR, a writer based in Silicon Valley, is the author of *We the Media: Grassroots Journalism by the People, for the People* (O'Reilly Media Inc., 2004). Contact him at [illegible]

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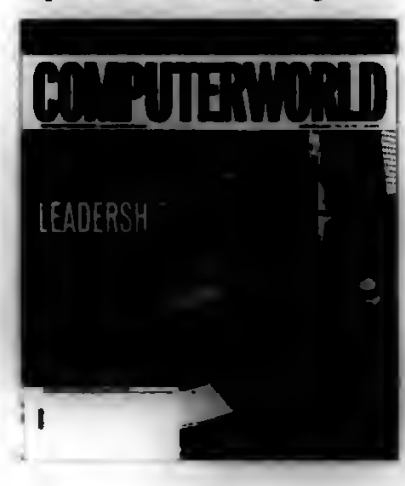

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Questions? Contact us by e-mail at premier100@computerworld.com.

Continued from page 21

Farmsourcing

SO TENNANT THINKS companies are outsourcing overseas because they want to increase cultural awareness and get diversity points? How absurd. It's about the cost savings.

Andy Jensen
Portland, Ore.

MANY COMPANIES outsource back-office functions, which aren't viewed as adding value to the companies' success. In these situations, having cross-cultural relations won't add to the knowledge base of the corporation at all.

Doran Boroski
Elmhurst, Ill.

AS AN academician-turned-IT-manager, I appreciate the concept of diversity; it is something we work hard at in the university environment. And diversity is totally appropriate and desirable in the global marketplace of ideas. However, I'm at odds with Tennant on two points: 1) When I call for computer support, I'm looking for facts, not ideas, and I want an understandable dialect on the other end of the telephone, no matter where the support person is sitting; and 2) for those of us living here in what is an economically underdeveloped region of the U.S., the concepts embedded in "farmsourcing," as you call it, make complete sense, especially since our economy was based largely on tobacco, which is going the way of our furniture and textile industries.

Furthermore, farmsourcing is not necessarily an exercise in inbreeding; a strong regional IT industry would attract staff from a wide variety of backgrounds and locations, particularly if centered around a university as Catherine White proposes. We have students from 48 states and 60 countries; I'd say that represents significant diversity.

Jack Brinn
Interim CIO, East Carolina University, Greenville, N.C., brinnj@mail.ecu.edu

FUNDAMENTALLY, either one is opposed to globalization and outsourcing of American jobs, or one is not. I am opposed. The downside of globalization is a dilution of individual cultures and beliefs. I understand that we live in a global economy, but we do not have to live in a diluted global culture. I live in the most powerful and economically stable free society in the world, and I want to keep it that way.

I see the outsourcing of our most critical and important jobs as moving the economic and intellectual power base out of our country. What a wonderful thing it would be to offer a "Silicon Valley opportunity" to Americans who by choice or birth live in an area of the country that was not blessed with wealth but by agriculture, property and community. Farmsourcing sounds like a great way to provide jobs to fellow Americans.

Marcia Wilson
Reno, Nev.

I QUESTION WHETHER offshore outsourcing is the best vehicle for gaining exposure to other cultures and markets. I'm sure there are many ways to acquire diversity, if diversity is what your customers, shareholders and employees need, but I don't think companies should go out and globalize themselves just for the sake of ivory tower ideals. Also, there's a whole lot to be said for a business plan that values the culture that it operates in.

Cathy Taddei
Portland, Ore.

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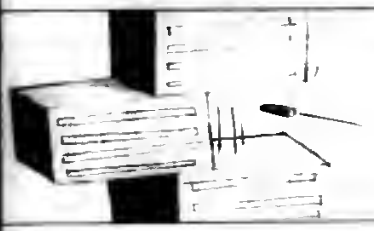


FUTURE WATCH

Bulletproof Storage

IBM is developing storage systems that are designed to repair themselves or be left unrepaired without jeopardizing data. **Page 34**

Data Warehouse Boost On a Budget

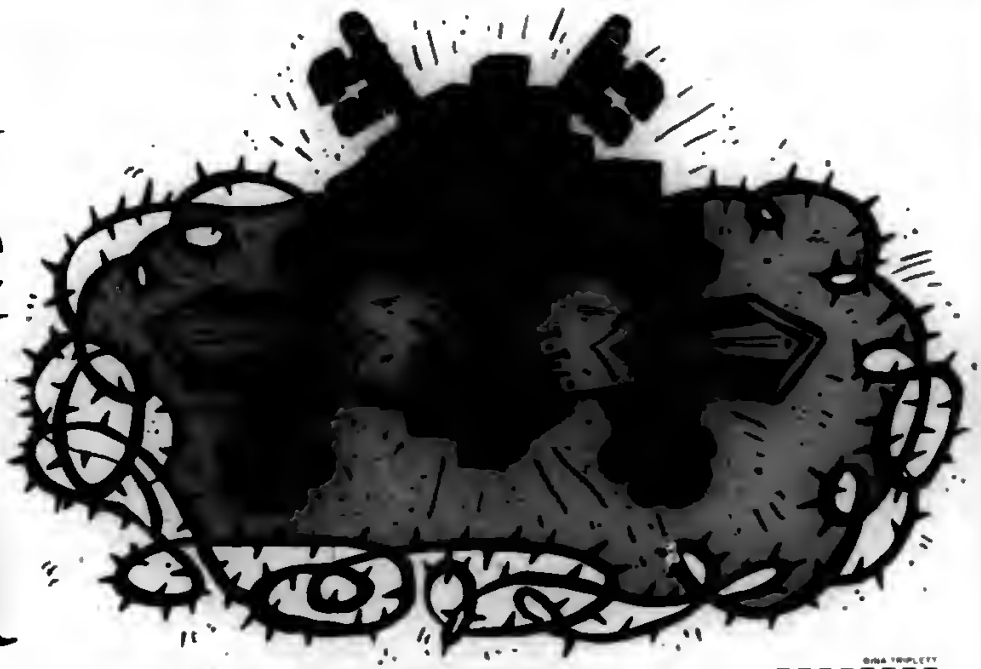
Start-ups with new products that increase performance for ad hoc queries while lowering costs are challenging established data warehouse vendors. **Page 30**

SECURITY MANAGER'S JOURNAL

HIPAA Compliance in 30 Days or Less

With HIPAA's deadline fast approaching, C.J. Kelly decides that the information security officer in charge of complying with the security rule needs an assist. **Page 36**

TAKING Defense DOWN TO THE Data



Companies are finding that securing the network periphery is not enough and are adding measures to directly protect data. By Jaikumar Vijayan

AS AN ORGANIZATION that is mandated by law to comply with data privacy and security regulations, The Henssler Financial Group has implemented all of the usual technologies, such as firewalls and intrusion-detection systems, to protect its perimeters and networks.

About two years ago, the Marietta, Ga.-based company decided to augment its security measures by deploying a data-auditing tool from Acton, Mass.-based Lumigent Technologies Inc. behind its firewalls.

Lumigent's Entegra product allows Henssler to monitor data access, changes and views, and modifications to its SQL Server database structure.

The tool is crucial to ensuring the integrity of the company's stored content, says Chief Technology Officer Tim O'Pry.

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FUTURE WATCH

Bulletproof Storage

IBM is developing storage systems that are designed to repair themselves or be left unrepaired without jeopardizing data. Page 34

Data Warehouse Boost On a Budget

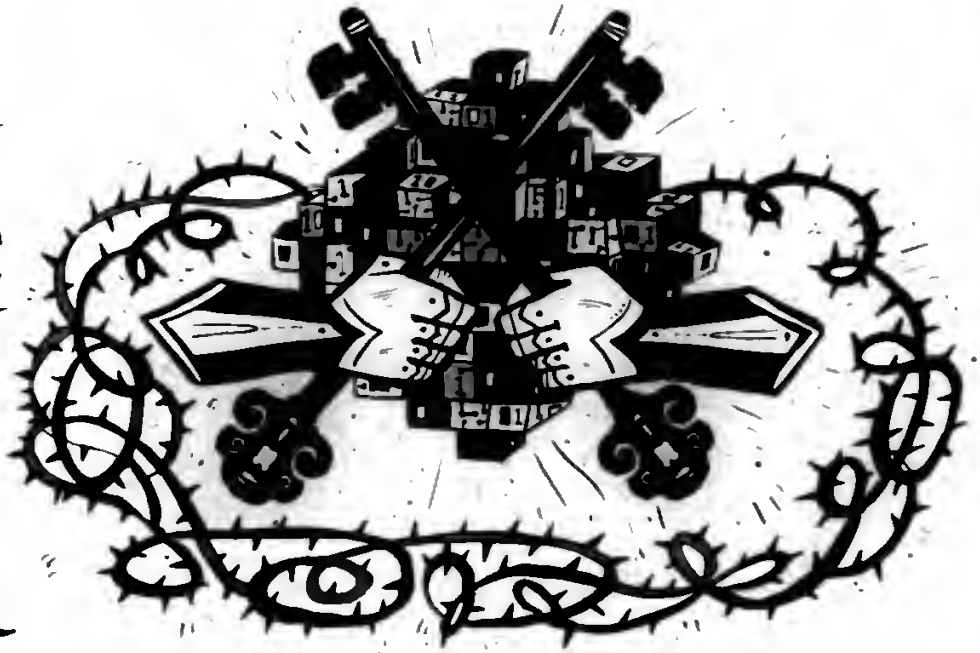
Start-ups with new products that increase performance for ad hoc queries while lowering costs are challenging established data warehouse vendors. Page 30

SECURITY MANAGER'S JOURNAL

HIPAA Compliance in 30 Days or Less

With HIPAA's deadline fast approaching, CIO Kelly decides that the information security officer in charge of complying with the security rule needs an assist. Page 36

TAKING Defense DOWN TO THE Data



Companies are finding that securing the network periphery is not enough and are adding measures to directly protect data. By Jaikumar Vijayan

AS AN ORGANIZATION that is mandated by law to comply with data privacy and security regulations, The Henssler Financial Group has implemented all of the usual technologies, such as firewalls and intrusion-detection systems, to protect its perimeters and networks.

About two years ago, the Marietta, Ga.-based company decided to augment its security measures by deploying a data-auditing tool from Acton, Mass.-based Lumigent Technologies Inc. behind its firewalls.

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A less-stated yet equally important reason for the increased focus on data protection is that traditional network perimeters have begun to fade away. As companies use the Internet to link up with partners, suppliers and customers, the notion of a clearly definable network edge has fallen by the wayside. The trend is prompting greater scrutiny of technologies for protecting stored data.

Also fueling concerns are incidents such as the recent string of high-profile security breaches at ChoicePoint Inc., Bank of America Corp. and LexisNexis, each of which resulted in the compromise of large volumes of confidential data.

"There are massive piles of sensitive data in storage networks and databases that have gone largely unprotected," says Richard Moulds, a director at nCipher Corp., a vendor of encryption products in Cambridge, England.

Companies have myriad ways to try to protect such data, including measures for access control, activity monitoring and auditing, as well as encryption of sensitive information, says Richard Mogull, an analyst at Stamford, Conn.-based Gartner Inc.

Prat Moghe, president of Tizor Systems Inc., agrees. "In terms of security technologies, there are many different approaches to this problem," says Moghe, whose Maynard, Mass.-based start-up offers a data-access auditing tool similar to Lumigent's.

"Like any security problem, there is no one approach that is the best," he says. "But every approach helps eliminate a certain kind of risk and helps complement another approach."

For instance, Lumigent's technology allows Henssler to audit database activity better than the "triggers" that can be written to capture updates, inserts and deletes to databases, O'Pry says.

Triggers can sometimes impose a heavy performance and storage burden on companies that have very large databases and high transaction volumes, he says. Entegra instead uses data agents to audit target servers. The agents harvest information about all activity that is going on inside the database and generate alerts or reports based on preconfigured rules or policies, O'Pry says. The reports can then be archived according to a company's needs.

Other companies are using automated tools to try to stay on top of vulnerabilities in their database technology that could be exploited by hackers.

"The biggest problem we have right now is with HIPAA," says Mark Maher, security administrator at Ochsner Clinic Foundation, which operates 24 health care clinics in the New Orleans area.

"We have between 12 and 20 databases that hold extremely sensitive information and which various applications need to access," Maher says. "We need to ensure that only the correct information is accessed."

To do this, Ochsner is using AppDetective from New York-based Application Security Inc. to scan its database environment for known vulnerabilities and to do penetration tests with simulated attacks. AppDetective also provides an auditing function that lets Ochsner verify the robustness of usernames and passwords of people who have access to databases.

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>
> PRAT MOGHE, PRESIDENT, TIZOR SYSTEMS INC

"We have tried to secure things as much as possible" at the database level, says Maher. AppSecure's technology allows Ochsner to see just how effective those measures are, he says.

AppSecure products are designed to protect Oracle, Microsoft SQL Server and Sybase database environments, according to the vendor.

Handle With Care

Encryption is another core strategy for protecting stored content, but it has to be applied with care, says Gartner's Mogull. There are several products on the market today, so companies have a variety of encryption options. Some tools allow companies to encrypt all the data that's resting in storage tapes and disk arrays. Others allow for more selective file-level encryption, and some offer column-level protection within the database.

Whatever the scenario, it's important for companies to realize that encrypting everything everywhere is unnecessary and can result in increased complexity and serious performance problems, Mogull says.

"Use encryption to protect only data that moves, physically or electronically, or to enforce segregation of duties for administrators," Mogull wrote in a Gartner report released in February.

Another area where encryption can be used is on mobile devices. The proliferating use of notebooks and handheld devices makes encryption a must, says Randy Maib, senior IT consultant at Integris Health Inc. in Oklahoma City.

The health care organization has started using technology from Dallas-based Credant Technologies Inc. to protect content on about 1,000 personally owned and company-issued handhelds, even though it has no formal set of policies relating to their use.

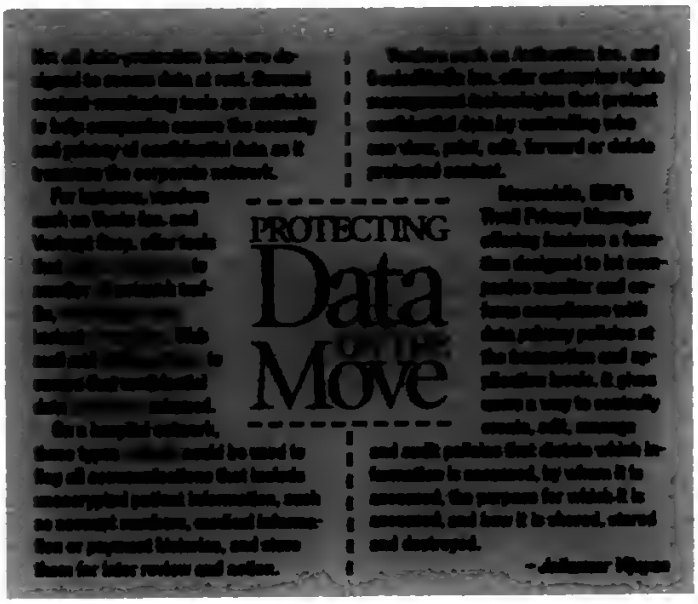
Credant's Mobile Guardian software is designed to let companies protect content on handhelds that are used by multiple people — such as a device that's used to input patient information in a hospital or clinic. The technology features access-control, data-encryption and user-permission functions that ensure that each user has access to only the content he's authorized to view.

The tool also automates the discovery of new and unauthorized handhelds that are connected to a corporate network and enforces compliance with security policy, Maib says. A centralized administration function allows Integris to create audit logs and reports related to the security status of the devices used within its networks.

Such capabilities are crucial in an environment where an increasing number of physicians have begun storing sensitive patient information on their handhelds, Maib says.

"Any device that wants to synchronize with our network would need to have [Credant's software]," he says.

Jason Jaynes, director of product management at Credant, says the company is seeing increasing demand from users such as Integris.



"As many as 40% of business users have lost a mobile phone, and 25% have lost a PDA in an airport or a taxicab," Jaynes says. "That's a problem when you couple that with the fact that less than 10% of such users have taken measures for protecting" the content on their systems, he says.

When measures are taken, automated database-level protection tools allow companies to keep track of database changes better than homegrown approaches can, says Margarita Muratova, database administrator at Calgary, Alberta-based RSM Richter LLP, one of Canada's largest independent accounting firms.

The company is using Lumigeot's tools to monitor and audit activity across its SQL Server database environment. It has encrypted confidential data in its core buman resources database with a product called DbEncrypt from AppSecure. And AppSecure's AppDetective allows Richter to locate vulnerabilities and software misconfigurations and to apply patches and updates if they're available.

The tools "take a bit of space, memory and processing capacity," says Muratova. "But it's been worth it," in terms of the cootent-level protection they provide, she says. "We can see who selected data from which table and why this person looked at the data and what they did with it," she explains.

Ultimately, the key to protecting stored content is to apply the same access-control, monitoring and incident-response approaches that companies have used for years to protect their perimeters and oetworks, says Ted Julian, vice president of marketing at AppSecure.

"There is no silver bullet here," says Julian. "Bringing security to stored data needs to be part of building a layered defense. But we don't have to reinvent the wheel. We know what the methodology needs to be. We just need to know how to apply it to this area." 53444

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Data Warehouse BOOST ON A BUDGET

Start-ups are challenging established data warehouse vendors with products that increase performance for ad hoc queries but cost less. **BY ROBERT L. MITCHELL**

WHEN PREMIER INC.'s medical databases began bogging down last year, the San Diego-based provider of clinical data put its data warehouse in a box — literally.

Premier sells access to clinical data it gathers from 400 hospitals to pharmaceutical manufacturers. Last year, the company's IBM Red Brick data warehouse had grown to 3TB, and one table included 3 billion entries. "When you go through 3 billion rows of data, you get long runtimes," says Chris Stewart, director of data warehouse architecture.

The problem wasn't just the size of the database, however, but how clients used the data. "Our users want to access all of the data from top to bottom," says Stewart, and the complex, multipass queries created by Premier's 4,000 users each week were slowing performance. Some wouldn't run at all.

Instead of adding to its 24-processor Solaris server infrastructure or making further attempts to optimize the database, Stewart brought in an all-inclusive data warehouse appliance from Netezza Corp. in Framingham, Mass. Some calculations that took one or two days now finish in six to eight minutes on the appliance's 108 processors. Premier still uses Red Brick for most queries, but the NPS 8150 appliance handles the "really, really ugly questions" that weren't possible to process before, he says. "We couldn't offer the product offerings we do today" without the appliance, Stewart says.

As data warehouses continue to grow, more users are demanding access to business intelligence (BI) tools to conduct data-mining exercises across large data sets. "We're talking about using every single call-detail record generated in the last three years," says Claudia Imhoff, president of Intelligent Solutions Inc., a consulting firm in Boulder, Colo. It's hard for database administrators (DBA) to create aggregations of data, such as summarizations, that can facilitate the processing of these complex queries because users often don't know in advance what they're looking for. "These unplanned questions are the ones that knock the stuffing out of databases," she says.

> The problem of querying data sets that are growing at over 100% a year has led to what might be called a data warehouse capability gap.

But such queries are increasingly seen as business-critical, says William Fellows, an analyst at The 451 Group in New York. "The problem of querying data sets that are growing at over 100% a year has led to what might be called a data warehouse capability gap," he says. While market leaders like Teradata, a division of NCR Corp. in Dayton, Ohio, offer integrated systems to address this for high-end applications, Netezza and others are jumping in with moderately priced systems that don't require the same high-end hardware and software investments as those from IBM, Oracle Corp. and Teradata.

It's an interesting trend but still a small part of the $16 billion market for data warehouse hardware and software, says Dan Vesset, an analyst at IDC.

SMALL PLAYERS, BIG DATABASES

Some start-ups offer only software, while others include software and hardware in a single bundle or appliance. But all use a parallelization scheme that involves symmetric multiprocessing or a massively parallel processing architecture. Designs vary, but all are based on the partitioning of data across servers — something Teradata has been doing for years, says Fellows. "There's nothing new under the sun in terms of approach here except packaging and price," he adds. While Netezza and competitors like to position themselves against Teradata, the company still dominates on the high end, he adds.

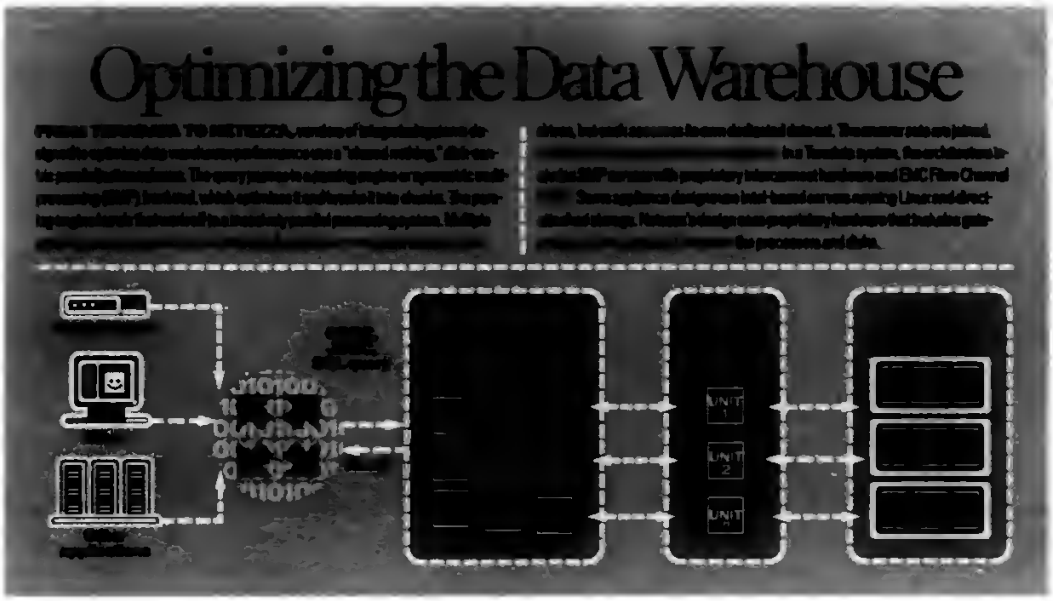
Netezza's NPS appliance abandons database indexes in favor of direct table scans, using brute-force processing to get the job done. The system includes its own database, with specialized field programmable gateway array (FPGA) logic that links processors and storage to speed up I/O. A system comparable to Premier's, with 4.5TB of disk space, sells for "a little more than a million dollars," says Netezza CEO Jit Saxeena.

By dumping the indexes, Premier's database dropped from 3TB to 1TB. The system is sufficiently fast that Stewart now uses the appliance to both process queries and build the data-aggregation tables that he loads into

the Red Brick data warehouse.

Start-up Calpont Corp. in Rockwall, Texas, is developing a similar appliance that hard-codes the database on an FPGA chip. Because it will store the data on a solid-state disk, or synchronous dynamic RAM, however, it will be targeted at smaller data sets. A 128GB box capable of supporting 40GB to 50GB of data will have a price tag in the "couple hundred-thousand dollar range," says CEO Jim Janicki. "We wanted a brute-force engine to handle everything we could throw at it," he says of the device, which is scheduled to ship by midyear.

Datallegro Inc. in Aliso Viejo, Calif., is rolling out a turnkey system that functions much like the Netezza appliance, but it's built using off-the-shelf components. "We're taking standard, commodity servers with an open-source database," says CEO Stuart Frost. Datallegro's 3TB P3000 includes 21 dual-Xeon-processor servers, each connected to 12 Western Digital Corp.



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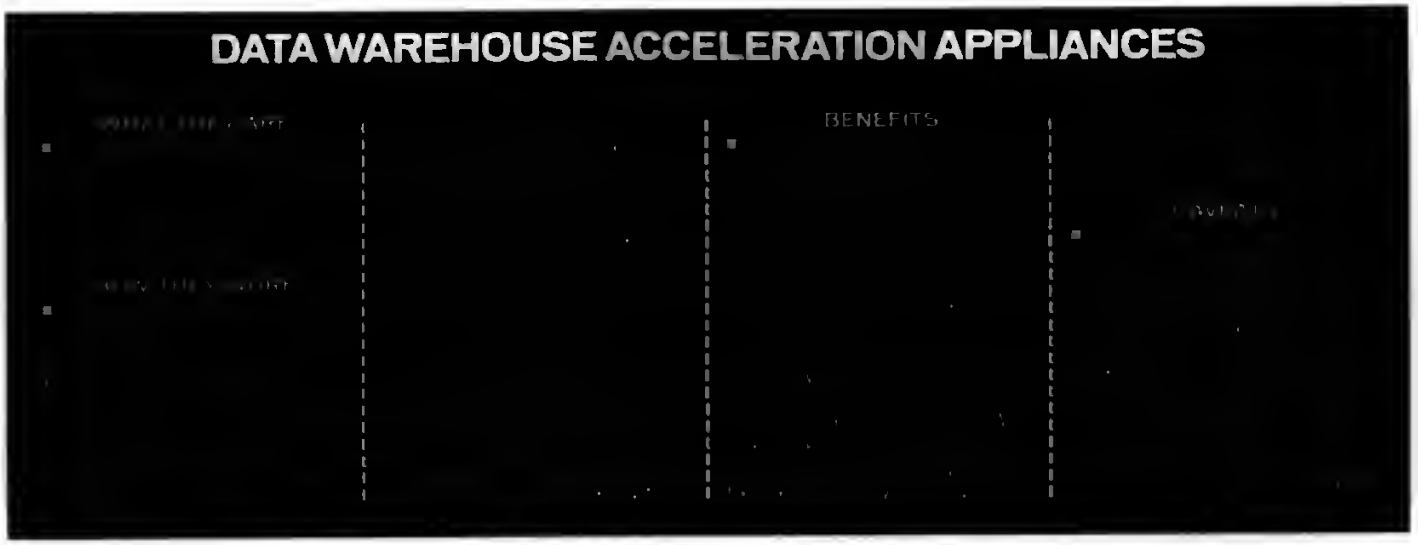

Raptor drives, and will sell for $450,000 when released this month. Frost is targeting Oracle customers with databases in the 1TB to 5TB range and up to 300 concurrent users.

Metapa Inc. takes a similar approach but lets users buy their own components based on its specification, rather than bundling everything together. Users "can assemble systems that are just as fast as the high-end data warehouses at a fraction of the cost. We don't believe you need a specialized ASIC chip to get there," says Scott Yara, founder and president of the San Mateo, Calif., start-up. The total price, including Metapa's Cluster DataBase — due to ship in the second quarter — and required hardware, will be half the cost of a Netezza appliance, he claims.

Clareos Inc.'s CrossCut software, now available, adds yet another twist. Instead of using database tables, it combines a BI reporting tool with a spreadsheetlike data model that creates a single, flat file of rows and columns.

"The next generation of BI tools will have a flat file structure that will be very fast," predicts Steve Foley, CEO of Herndon, Va.-based Clareos. CrossCut software and recommended hardware to process 146GB of data costs about $65,000. But the product differs from products like Netezza's in one key respect: CrossCut is a read-only database that doesn't provide update capability, Foley says. Competitors that use vector-based processing to support a real-time decision-making application include Alterion Inc. and Aleri Inc., says Fellows at The 451 Group.

By contrast, Teradata's integrated systems connect clusters of high-performance servers using a proprietary high-speed interconnect called Bynet and store data in a Fibre Channel storage-area network. The vendor focuses on allowing large numbers of concurrent queries in a mixed-workload environment and supports "active data warehousing," where databases are continuously updated, says Stephen Brobst, chief technology officer. He sees the start-ups' products as best suited for single-function, low-end data marts and cautions that "data marts end up replicating data."

But that's a trade-off users may be willing to make when cost is a factor. "With an IBM or Teradata solution, your scalability is in large chunks," says the vice president of infrastructure at a large financial services company that's beta-testing a Datallegro system. The incremental cost for adding capacity to an appliance can be a small fraction of what it costs to upgrade his Sun Microsystems Inc. system. He is cautious about buying from a small vendor, but adds, "If they can deliver the same or better performance at 20% of the cost of an IBM or Teradata solution, then you have to do it."

Most of these systems take a black-box approach to optimization, which means DBAs can't do any tuning. That paradigm shift may be the toughest sell, says Intelligent Solutions' Imhoff, and it's definitely a weakness for Michael Benillouche, director of technology at ACNielsen Corp., who prefers to optimize his Oracle data marts (see story at left).

But Premier's Stewart sees that as an advantage. "My DBA staff has more time for development instead of hand holding a database. We don't need to build in cycles to make queries go faster," he says.

In traditional systems, ad hoc queries that bog down the data warehouse are restricted, says Imhoff. Now IT can spin off a subset of data to more groups for business analytics without supplying DBA resources. "If I can bring in a technology that doesn't require an army of DBAs, great Scott, what a boost," she says. **53449**

Nielsen's Data Mart Factory

FOR MICHAEL BENILLOUCHE, director of technology and IT services at ACNielsen's Paris offices, tuning the database is the key to a high-performance data warehouse. Benillouche's organization has produced thousands of data marts as part of a project he calls the Data Mart Factory. His group takes a 4TB master data warehouse that includes regularly updated data from retailers and runs it through a system that cranks out 3,000 client-specific data marts that ACNielsen presents to 1,000 customers in the retailing and consumer product manufacturing industries. Each data mart is refreshed weekly.

ACNielsen uses an Oracle9i data warehouse on the back end and uses DMExpress data transformation software from Syncsort Inc. in Woodcliff Lake, N.J., to aggregate data for output into individual data marts. But Benillouche says taking advantage of Oracle-specific optimizations was the key to good performance. The project required some 100 Oracle programmers for 18 months. He says he couldn't get those Oracle-specific optimizations if he used a data warehouse appliance like Netezza's that supports only generic interfaces such as SQL-92. "If you properly tune the application and code, you're able to gain by a factor of 100. You need a human to understand the algorithm of the code and business logic to rewrite it better, and no system can match that," he says.

But Benillouche's customers are interested in very specific subsets of data and specific aggregations. If you can build the queries beforehand, investing in improving the program algorithm and low-level database programming functions and calls makes the most sense, he says. But users running a business intelligence tool to do ad hoc queries to a data warehouse might fare better than with data warehouse appliances, Benillouche acknowledges. If the SQL queries are built on the fly, and you have no control over them, he says, "this is where you would benefit from a Netezza rather than a standard Oracle/Unix combination."

– Robert L. Mitchell

DATA WAREHOUSE APPLIANCES

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Managing Expectations

Autonomic computing initiatives moving ahead steadily, says IBM's Alan Ganek

Autonomic computing is alive and well as an effort to increase the self-managing capabilities of systems, according to **Alan Ganek**, *IBM's vice president of autonomic computing and chief technology officer of the company's Tivoli Software subsidiary. Ganek recently discussed new directions for autonomics with* Computerworld's *Matt Hamblen.*

Two or three years into autonomic computing, is it a success? I hear customers say they still don't understand it. Autonomic computing is a journey. We've gone from something where people were skeptical about what the word *autonomic* meant to having 50 partners working on it. Some choose to use the word *autonomic* in marketing, and others don't.

What will happen next in autonomic computing? We need to expand the field of what we're doing already. There are a number of components that could make behavior more coherent, like console and monitoring and problem-determination technology.

Second, there is more and more managing of system complexity and the processes people deal with. Over the course of next year, we'll be working very hard to bring customers an approach to managing processes across different silos that they have. You have your management team, your security and network management team, which operates system by system. We want to change that to one that says, "What are the major tasks, availability, end-to-end and configuration management and release management?" and take those tasks and expand that to a clearer approach for customers to manage processes.

Has your definition of autonomic computing changed in the past two years? Some members of the press overreact to the idea of autonomic and liken it to the HAL computer. But we've taken a very pragmatic approach to it, and we're building up capability so that it provides value to customers as we go forward. But generally, this is a genuinely new area of research, and the academic community has latched on. We now have international conferences sponsored by the best and brightest devoted to autonomics.

Autonomic computing is alive and well and delivering real value and making real progress. We're providing pragmatic instrumentation and common componentry for IT systems.

Autonomic is all about providing increasingly self-managing capacity to IT systems to improve the balance for what people do and what machines do.

Right now, people do error-prone, tedious work, and computers can do a lot of that so people have higher-level tools to allow them to be creative. That's the balance we're shooting for. **53590**

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BULLETPROOF Storage

Disk systems will repair themselves or can be left unrepaired for years.

By Lucas Mearian

YOU CAN FLY A TWO-ENGINE PLANE with one engine, but how many passengers would want to be on it?

That's the idea behind "bulletproof storage," a concept that IBM has been developing for two years and plans to begin unveiling incrementally over the next one to three years.

"I think the basic idea we're going after is we really want the storage system to be something the customer just doesn't worry about," says Jai Menon, an IBM fellow and chief technology officer of storage systems.

IBM's technology initiative deals with fault tolerance in every part of a storage system: disk, controller, network cards, power supplies and software. By building more-robust storage systems that can defer replacement of failed parts for up to three years because of redundant components, IBM believes it can also eliminate many human errors that happen when failing components are replaced.

A Matter of Time

According to Stanley Zaffos, an analyst at Gartner Inc. in Stamford, Conn., the bulletproof storage concept still has another five to 10 years before it's broadly embraced by users. But once it is, storage systems will require less maintenance and, therefore, cost less to maintain.

"We know how to build very reliable code. We use appliances every day that have software built into them that work forever: your automobile, your calculator, the disk drive in your PC, your telephone," Zaffos says.

But IBM is looking to attack far more complex systems than telephones or calculators.

Under its bulletproof initiative, IBM is addressing disk-sector failures that grow along with disk capacity. While disk capacities double every 12 to 18 months, uncorrectable read/write error rates haven't improved, nor has the probability of an uncorrectable error occurring on a disk read decreased. There are more sectors on today's disks and, therefore, a greater chance of an uncorrectable error.

The answer, Menon says, is to create self-healing capabilities for storage management software and more-robust RAID configurations.

IBM says that in about a year it will release storage systems that can support three simultaneous disk-drive failures in a single array by introducing additional parity disks into RAID configurations, offering many times the resiliency of a RAID configuration with two parity disks. Today, standard systems allow for only two disk failures.

FUTURE WATCH

But Zaffos argues that 80% of downtime today is caused by user error and software failures, not hardware failures. He says that the failures resulting from software are created by complexity and that there is an almost infinite number of failures that can occur in a complex system.

IBM is addressing those code failures with a software project called N-Version Programming, where two pieces of code in the same application save data and then compare the data to ensure that there are no errors.

In N-Version Programming, two copies of data are protected using different means. One copy might be protected by standard RAID-5 programming coded by Programmer A.

The second copy is protected by a different algorithm coded by Programmer B. That way, if the first copy gets corrupted due to a particular bug in the program written by Programmer A, then the second copy can be used.

"The second copy may have its own bugs, but they will manifest in different ways at different times, and when they do, the first copy will be the one which is good and which we can then use," Menon says. "It's kind of like having a second person check the work of a first person and keep fixing it whenever it finds mistakes."

One way IBM plans to detect and correct corrupted data is to create more-resilient storage software with repairable data structures. The code checks that certain conditions, which are described in rules, are met. For example, in a file system with multiple files, the sum of the space taken by the files plus the free space in the system must be equal to the total available space. The code will check this property automatically at various times and use a procedure to repair and fix problems if the property isn't met.

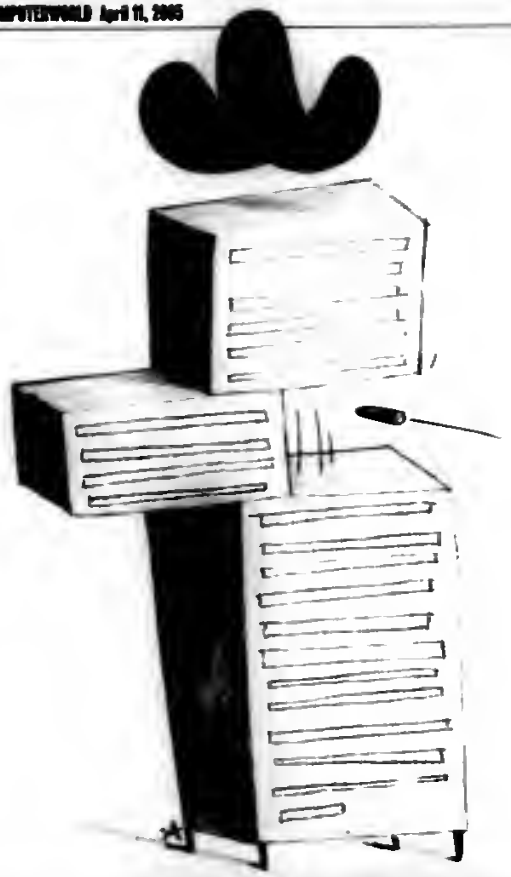
In this case, the software isn't checking the code to see that it's functioning properly and isn't checking data contents. If certain properties aren't met, the software knows how to fix the data structures.

But don't expect to see fruit from N-Version Programming or checkable data structures for another two to three years, Menon says.

"At some point, you'll have to accept that the way these things are built, there will be some things that fail," he says. "You have to be able to isolate that failure to a small part of the system. You have to be able to recover from it very rapidly." 53417

WHAT IBM SEES AS

- Storage arrays that can support up to three simultaneous disk failures
- Support for multiple simultaneous controller failures
- Software that can recognize code errors and repair them
- Building systems that can defer replacement of failed parts for three years



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IP Conversion Takes Off in Vancouver

BY MATT HAMBLEN

The Vancouver International Airport Authority in British Columbia has just completed a four-year project in which a single IP network was built to support voice, data and video airport communications systems that used to run on 30 networks.

One of the biggest challenges was making the IP conversions in an airport that's closed only three hours a day, says Kevin Molloy, CIO and vice president of simplified passenger travel at the authority. "We couldn't shut down for a month for a rollout," he says. The project, estimated to cost about $4 million (U.S.), will reduce annual network costs for 22 airlines and the Vancouver airport itself by 33%, from $7.5 million down to $5 million, he adds.

The most recent additions to the airport's IP network were 1,100 IP phones, all installed in January, that are used by ticket agents and airport workers, Molloy says. The phones and the IP backbone are all provided by Cisco Systems Inc., with design services from Vancouver-based Telus Communications Inc.

Telus and Cisco worked with the airport to set up a test lab to ensure that the IP phone launch went smoothly, says Judy May, industry solutions manager at Cisco.

The converged network has brought together seven airport networks and 23 networks used by airlines, Molloy says. Some of the functions on the new network serve 1,000 closed-circuit security cameras and 1,500 televisions, as well as 60 self-service check-in kiosks inside the airport and another 20 at hotels and convention spots in Vancouver. The wireless baggage-security reconciliation system and the airport's public Wi-Fi hot spots are also on the new backbone, he says.

The airport authority and several airlines created the common kiosks by following an international standard used by several kiosk manufacturers, Molloy says. The kiosks, which are shared by all of the airlines, have helped convince the airlines to give up their networks.

The authority was able to save costs by consolidating so many networks, and it could then build in network redundancy and split the network core across two terminals, Molloy says. Every edge switch is redundant, and phones and check-in counters are wired so that a disruption of the network on one side of the airport will knock out only every other check-in counter.

In addition to plans for new IP phone applications, the authority is weighing wireless voice over Wi-Fi, which would be used by airport workers carrying cell phones. Molloy estimates that voice over Wi-Fi could cut $250,000 annually from the $400,000 spent each year on cellular service. "That absolutely interests us," he says.

The IP network and the common kiosks support a range of new value-added services, Molloy says. For example, automatic border-patrol services are now available on the kiosks, which are fitted with iris-scanning cameras that a passenger can use to bypass long customs lines once an initial background photo and security check have been logged into the system. Already, 4,000 passengers have signed up for the service.

In addition, the authority has sold its kiosk service to smaller, regional airports that can't afford to build new networks, Molloy says. 53602

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HIPAA Compliance In 30 Days or Less

With the deadline looming, our security manager gives an assist to the fellow in charge of meeting the mandates of the security rule. By C.J. Kelly

HIPAA. We are all sick of the acronym by now, and the April 20 compliance deadline for the Health Insurance Portability and Accountability Act is looming.

At the state agency where I work, the information security officer (ISO), who is responsible for HIPAA security rule compliance, has spent the past seven months or so writing policies and procedures. He divided them into two groups: "required" (stuff we have to do) and "addressable" (stuff we'd better be thinking about doing).

SECURITY MANAGER'S JOURNAL

When I came aboard, only one of the policies had been approved by the agency chiefs. Everything is done by consensus here — if one chief doesn't like a single sentence, the policy is rejected, edited and then resubmitted. I was starting to panic about the approaching deadline. If we can't get the policies approved, we certainly can't implement them.

I did what any respectable security professional would do under the circumstances. First, I asked each chief to support the policy-approval process. Next, wanting to find a template that would be widely accepted but not wanting to reinvent the wheel, I went to the Web site of the National Institute of Standards and Technology (NIST) and downloaded every available document related to security and compliance with the HIPAA security rule.

Special Publication 800-66, titled "An Introductory Resource Guide for Implementing the Health Insurance Portability and Accountability Act (HIPAA) Security Rule," was just what our ISO needed: a step-by-step guide to compliance. A table on page 13 of this handy document defines each standard of the rule, identifies its section number and outlines implementation specifications, noting which ones are required and which are addressable. Even better, pages 16 through 54 describe various "key activities" and provide sample questions. This was the perfect project outline to give to a HIPAA newbie.

I went one step further and took the NIST outline and plunked it into Microsoft Project, defined major milestones, allocated resources and hung the Gantt chart on my wall. I also printed all of the related NIST documents and put them in a big binder.

I wanted to show my ISO how to formulate a project plan. I wanted him to understand what he was going to be held accountable for and how short the time frame for implementation was.

> **You can't just write a policy, put it in a binder, label it "HIPAA Security Rule Compliance" and call it a day.**

When I showed the plan to my boss, I felt the need to apologize for my micromanagement. "I don't usually go to this length with a direct report, but I need to get through to this guy that this is the quality of work we expect from him. He needs to execute this plan. If he can't, then he shouldn't be the ISO." My boss agreed.

In the Same Boat

I discovered that many state agencies are in the same boat. HIPAA requires them to appoint ISOs. But most agencies don't have much security expertise, and many agency administrators view the ISO role as more of an administrative function than a technical one. They're wrong. The HIPAA security rule is completely different in implementation from the privacy rule in that it requires technical resources.

It's true that the administrative safeguards form the bulk of the ruling, but even with those, you need a technical understanding of how things work.

For instance, you can't conduct a risk assessment without understanding the vulnerabilities of a networked computing environment. And you can't develop security incident-response procedures without understanding what constitutes a true security breach and how to detect one.

And when it comes to contingency planning and disaster recovery, you need a background in things such as conducting an impact analysis and testing a disaster recovery plan.

You can't just write a policy, put it in a binder, label it "HIPAA Security Rule Compliance" and call it a day. And you can't assume that the physical safeguards are administrative in nature. For example, in the area of device and media controls, how do you keep someone from carrying off EPHI (that's electronic protected health information) using one of those little USB flash devices? Do you disable USB ports on all computer systems, or can you disable the use of such devices through Active Directory or third-party software?

When you finally get to the technical safeguards, you have to deal with things like audit controls. Determining what type of audit controls will be deployed and what types of activities will be tracked can be quite a project, depending on the size of the organization. Then you still have to decide where the audit trails will be stored, who can have access to them and how the audit record will be secured from tampering.

Fortunately, my agency has several well-qualified technical people who, even without any direct security experience, have done a fine job of setting up the infrastructure so that the changes that need to be made will be relatively straightforward.

And it helps that the major systems that handle most of our EPHI transactions were outsourced two years ago and are now in the process of becoming certified as HIPAA-compliant. In fact, without that card on the table, the game would be lost.

I'm confident that our ISO and agency will hit the compliance date without a hitch. But I am grateful to NIST for providing the level of documentation that it has and very thankful indeed that my agency made a decision to outsource years before my arrival date.

WHAT DO YOU THINK?

This week's journal is written by a real security manager, "C.J. Kelly," whose name and employer have been disguised for obvious reasons. Contact her at mscjkelly@yahoo.com, or join the discussion in our forum: **QuickLink a1580**

To find a complete archive of our Security Manager's Journals, go online to **computerworld.com/secjournal**

SECURITY LOG

Red Hat Patches Critical Hole

■ Red Hat Inc. is warning enterprise Linux users to update their installations of [illegible] to fix a number of serious security bugs, some of which could allow attackers to take over a system. Affected operating systems include Enterprise Linux AS 3, Enterprise Linux ES 3 and Enterprise Linux WS 3. Red Hat said in an advisory, [illegible] is an implementation of the X Window System that provides low-level graphics functionality for graphical user interfaces operations such as [illegible] and mouse. The most serious flaw [illegible] integer overflow in the fbBlitOne library, used by some applications to [illegible] [illegible] apps, Red Hat said. An attacker could use a malicious [illegible] files to execute code on a user's system.

MCI to Offer DoS, Worm Blocking

■ MCI Inc. is expected to launch a security service this month that the company says will [illegible] denial-of-service and worm attacks. The service, called [illegible], detects the [illegible] traffic and stops it from [illegible] customer networks. MCI is using [illegible] Networks Inc.'s [illegible] to [illegible] attack-detection products to determine whether a network is being attacked. The carrier is also using [illegible] Inc.'s [illegible] to remove bad packets from the flow.

DHS Funds Audit Technology

■ [illegible] Inc. announced that it received funding from the [illegible] Department of Homeland Security to [illegible] technology to [illegible] [illegible] to the Automated [illegible] Archive. [illegible]

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inside

BRIEFS

Paisley Launches Hosting Service

■ Paisley Consulting in Cokato, Minn., is offering hosted services for its Risk Navigator, AutoAudit, CARDmap and Focus business accountability software. Under the standard hosting model, customers can purchase perpetual software licenses and then pay Paisley to host the software on its servers. Pricing starts at $5,000 per month for a standard number of users and dedicated memory. The company also offers an ASP pricing model that's set up on a per-user, per-month basis, with no separate licensing or maintenance fees required. The price per user varies based on quantity, with a minimum charge of $5,000 per month.

Cisco Upgrades Support Tools

■ Cisco Systems Inc. announced the Cisco SMB Support Assistant service to help small and midsize businesses with basic setup, diagnostics and troubleshooting for computer networking hardware. The service is available through Cisco channel partners; pricing wasn't disclosed. Cisco also announced enhancements to Cisco Network Assistant, a free, PC-based network management application for small and midsize business networks. Version 2.0 offers expanded support for Cisco devices and drag-and-drop features, according to Cisco.

BeInSync Releases Remote Access App

■ BeInSync Ltd. has released BeInSync Pro 1.5, the latest version of its secure peer-to-peer synchronization software. The new version lets users share any folder without moving it from its original location and includes a wizard-based interface for making file synchronization and sharing faster and easier, according to the Tel Aviv-based vendor. BeInSync Pro 1.5 sells for $59.95 per year for use on up to three computers.

CURT A. MONASH

'Platforms' For the Future

TO HEAR IT VENDORS TALK, everything is either a "platform" or a "solution." A few extra-special offerings are even presented as being both a platform and a solution. I flinch at both those words and give great grief to vendors who pitch me using one or both of them.

CURT A. MONASH is a consultant in Acton, Mass. You can reach him at [redacted]

Almost no marketing pitch containing the concept of "solution" is remotely honest. Usually, a product that might credibly be part of the solution to a problem is falsely presented as solving the whole thing. And those are the less-bad usages of the word, in which marketers actually suggest some kind of problem that the so-called solution might solve.

The situation with platforms, however, is not quite as dire. While traditional marketing about platforms is generally bogus, the concept of "platform" is still a useful one, and it's worth examining how the term is changing in meaning.

In its classic meaning, *platform* is most commonly used to denote a set of operating software — such as an operating system or database management system — upon which a large portion of IT investment rests. In *Crossing the Chasm* and subsequent books, Geoffrey Moore popularized the idea that to achieve large-scale IT product success, a vendor needed to establish a market-dominating platform. The route to fabulous wealth went something like this: Introduce the first, best entry in a specific platform product category; garner the most applications, partner support and market share; enjoy the "tornado" of a virtuous circle as everybody supports the winner; and ultimately kick back as a "gorilla" and enjoy the monopolylike advantages of dominant market position. And indeed that pretty much is the story of IBM, Microsoft, Oracle, Cisco and Intel, not to mention Sun, Apple, Novell and myriad other second-tier successes as well.

However, the heyday of that kind of platform is pretty much over. Moore himself helped cause the decline; by pointing out what lay beneath the phenomenal success of Microsoft et al., he inspired the IT industry never to let such success be easily repeated. And thus there are almost no new proprietary platforms these days. Or if there are, their vendors aren't able to explnit them.

Almost everything that resembles an important new platform is instead open-standard or even open-source. Even when a single-vendor standard does sweep the industry, such as Sun's Java or Microsoft's Internet Explorer, it is so wrapped in openness that the vendor doesn't actually make much money from its accomplishment.

Several candidates have emerged to replace the old integrated platforms. Open standards such as service-oriented architectures have filled some of the gaps. On the product side, vendors stung by price competition are splitting traditional platform product types into multiple parts. These typically include a commodity-priced base configuration plus a variety of premium-priced "server" options or add-ons. Other factors, such as the increased role of appliances, support a renewed emphasis on servers as well. Indeed, the main point of platforms was something that now is a bit obsolete — support for application development. If you developed software on top of the platform's APIs, you were assured of good support and a large, addressable market. Specialty servers, however, fit well with the trend that has systems administration costs rising in importance compared with those of programming. Proprietary APIs may now be taboo, but there's nothing wrong with having a nice, uniquely easy-to-use administrative console that gives your server lower TCO than your competition's.

The true future substitute for platform technology, however, may come in a slightly different area than those mentioned so far. Perhaps the most overlooked aspect of IT strategy is the long list of different kinds of information IT is called upon to manage. At most companies, a full list is over a dozen categories long, and each category needs to be managed in a very specific way. Almost every enterprise has traditional OLTP data, a data warehouse, a set of plans and forecasts, e-mail, identity/presence data, a network/IT asset database, network/security event data, source code, published marketing content (at least on a Web site), generic documents and a catchall category I'll call "analytic event capture" that subsumes Web site logs, manufacturing equipment data, RFID data and the like. Also common but less universal are engineering designs, call center logs and many other information types. Every single one of these requires a different information management system. Those management systems — and, even more, the real or virtual databases they manage — are the true IT platforms of the present and future. **53596**

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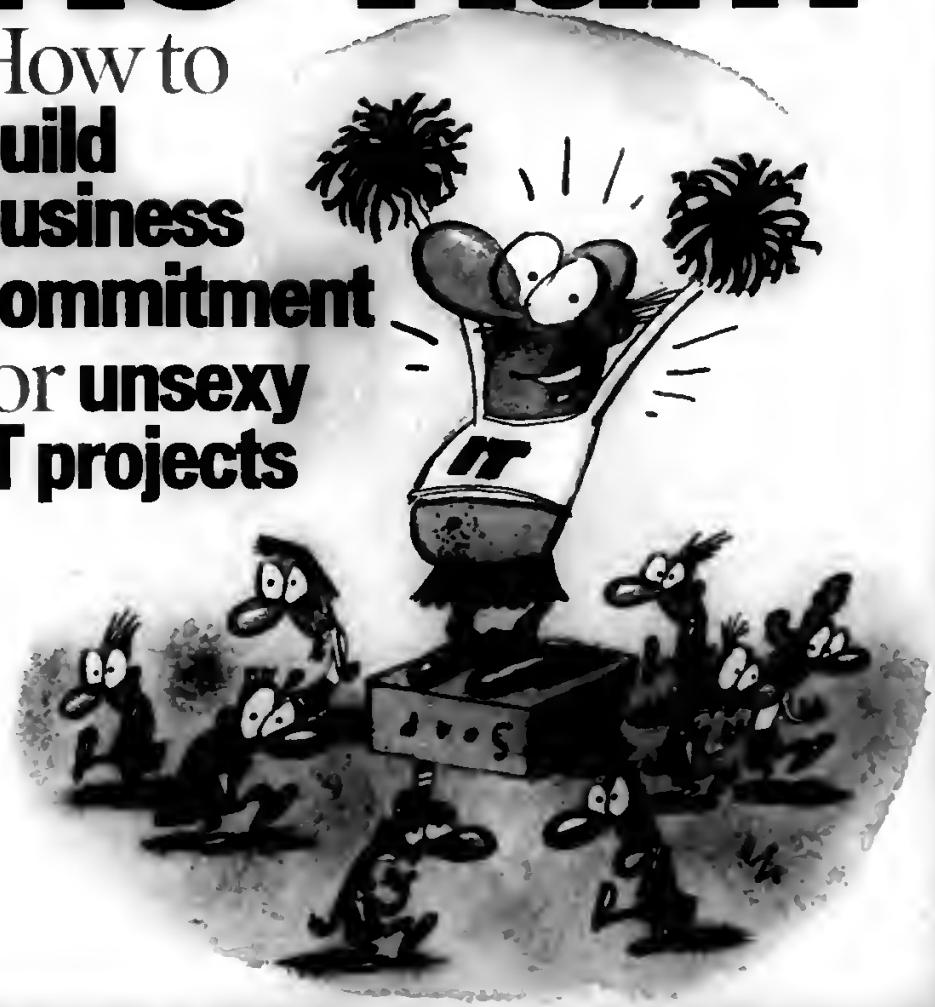
Q&A
The Power of Analogy
Analogies can be a quick means to a big-picture strategy in the highly ambiguous world of IT. But if you're careless, the big picture they provide may be the wrong picture, says Jan W. Rivkin, an associate professor at Harvard Business School. **Page 44**

Strategic Security
Tactical fixes don't cut it anymore. A growing number of security managers say it's time to approach information security as an operational risk management issue. **Page 48**

Career Watch
Who gets hurt by an economic uptick? Also, employees who blog on their own time need guidance from their companies. And the hiring forecast from Robert Half. **Page 49**

Ho-Hum

How to **build business commitment** for **unsexy IT projects**



HAL MAYFORTH

"May you live in interesting times," goes the old curse. That's right, curse. Stable, comforting, even flat-out boring eras are the ones to live in, apparently. If that's true, corporate IT is enjoying a Golden Age.

Clearly, there have been more exciting times in IT. Budgets continue to be squeezed. Security, consolidation, regulatory compliance and other important-but-unsexy projects dominate the landscape. The "next big thing" is elusive.

The result: Enthusiasm is hard to muster. "It's probably tougher [today] to clear a major project than it's ever been," says Joseph

Balcom, director of enterprise solutions at Gtech Holdings Corp., a West Greenwich, R.I.-based transaction-processing company.

"You've got to have a crystal-clear business case if you're going to get funded," says Balcom, who recently managed Gtech's upgrade of its SAP ERP software.

"When you go through a period like this, with [IT] spending down and conservative management the rule, the corporate culture in most organizations prevents anyone from introducing brand-new technologies or applications," says Jim Shepherd, an analyst at AMR Research Inc. in Boston.

In the midst of this grind, it's a challenge for CIOs to keep their senior management colleagues and business partners excited about IT. When the right projects come along, can CIOs still persuade their CEOs to cut the big checks?

In the right circumstances, yes. Technology managers who have undertaken costly projects in this conservative environment insist that where there's a will, there's still a way. Make no mistake, there are no more blank checks in large-scale IT. But even in these ho-hum times, it's possible to build

both buzz and commitment.

When Auto Warehousing Co. recently spent $40 million on a new processing facility, CIO Dale N. Frantz faced an uphill battle in convincing the company to install a new wireless network and spend an extra $500,000 or so (not including in-house developers' time) to upgrade the handheld devices used by the Tacoma, Wash.-based company.

"Our CEO is not especially tech-savvy," Frantz says. "The IT department was always seen as a drain of funds, and the [dumb] scanners had worked for 15 years."

To persuade the CEO, Frantz doggedly cost-justified the 802.11b wireless LAN he wanted [QuickLink 50970]. "By nature, he's skeptical of both spending and IT, so he always wanted more estimates," Frantz says of his boss. After a "reluctant" green light for the project, Auto Warehousing's LAN paid off when the company was able to reduce the number of employees tracking vehicle identification numbers from more than 20 to three. That benefit was persuasive enough even for the CEO, and Frantz's team is now taking another of the company's facilities wireless.

Death by Committee

The challenge at Auto Warehousing was personality-driven: A key executive was an IT skeptic. But according to AMR's Shepherd, today's ambitious IT plans are more likely to face death by committee, because many companies have created demanding technology steering groups and justification procedures.

That's the case at Regions Financial Corp. "We have a technology council chaired by our CEO," says John Dick, CIO at the financial services firm in Birmingham, Ala. "Everything needs to go through a rigorous approval that requires business justification and a technical architecture review."

Dick's team is in the process of modernizing a proprietary risk management application. In squiring the project through the justification phase, he says, the key was helping business executives grasp the competitive advantage to be gained. "We have a reputation for superior credit management, so in discussing that, I knew we'd hit the sweet spot," Dick says.

He closed the sale by tying the proposed expenditure to credit management, which Regions Financial views as its secret weapon. "I reminded [the board], 'Our company succeeds through a superior credit culture; we get competitive edge out of how we manage credit,'" Dick says. Thus, in one fell swoop, he both demonstrated that the project was tightly linked to business goals and appealed to a key point of pride. The project was funded, and its first phase is complete.

Clinical Commitment

St. Luke's Health System Inc. in Kansas City, Mo., encompasses nine hospitals. For over a year, St. Luke's has had clinical kiosk systems on most hospital floors. Each kiosk included a stripped-down PC running terminal-emulation software from Citrix Systems Inc. On top of the Citrix software sat packaged applications to help nurses and physicians do their jobs. For example, nurses could search for patients' prescription histories, and doctors could view X-rays remotely.

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"The double sign-on was a nice IT solution, but it wasn't meeting users' needs," Wade says.

St. Luke's project manager Todd Hatton led an effort to develop an elegant fix: Citrix would run constantly in the background so the doctors and nurses would need to log on only once.

Even better, Hatton's group developed split-screen technology so that the application used by physicians always occupied half the screen, while the nurses' application occupied the other. Practically, only one person at a time uses a kiosk. But having both welcome screens up at once proved inviting to the health care workers.

According to Wade, programming costs for the upgrade ran only $120,000 to $135,000. But for the application to work properly, St. Luke's had to replace about 1,000 monitors, most of which were far from obsolete, with expensive flat-panel displays.

"That cost us," Wade says, declining to name a dollar figure. "I had members of the management committee say, 'We're spending enough on IT, and by the way, I'd like to see more of it spent in my area.'" And that committee controlled the purse strings.

Wade's response to the objections was to count on the committee's commitment to clinical excellence. He pointed out that the existing kiosks were going unused and that meant patients weren't getting the best possible care. The committee was persuaded, funding for the project was approved, and the improved system has been in production since March, with use and satisfaction up dramatically.

Educational Mission

At Creighton University in Omaha, the radiology department of the health/sciences wing wanted to find a way for doctors affiliated with Creighton to read X-rays at home. "We're trying to teach residents to read X-rays," says Brian A. Young, vice president of IT. That involves obtaining second and third opinions from established physicians. And getting those opinions is much easier if the doctors can assist the residents from their homes.

To do that, Creighton needed to secure sufficient bandwidth to transmit the large files and to extend virtual private network capabilities to physicians' homes to keep the data secure.

In selling the project to university officials, Young, like Wade at St. Luke's, focused on the altruistic benefits of the program. "You have to engage the heart and mind," he says. Young stressed Creighton's educational mission and the fact that the university was in a position to offer better remote health care to needy people in rural parts of Nebraska.

Whether your organization's goal is increased profits, a competitive edge, improved health care or better education, demonstrating how your IT project will help reach that goal is the key to revving up interest among your business colleagues and loosening up the purse strings. **53300**

Ulfelder is a Computerworld contributing writer. Contact him at sulfelder@charter.net.

Leading in a Lull

On the face of it, motivating employees may not appear to be an IT manager's top challenge right now. That's because the sluggishness of the industry has slowed job movement. "It may be tough to motivate people, but it's not hard to retain them," says AMR Research analyst Jim Shepherd.

But motivating IT workers today can be especially difficult because so many of their toys have been taken away. Research consistently shows that one great way to reward IT professionals – especially those who shun the management track for individual contributor roles – is to let them work with the hottest technologies on the most challenging projects. With blue-collar projects dominating IT, a key motivational tool has been removed from the box.

But John Baldoni, principal of Baldoni Consulting LLC and author of several books, including *Great Motivation Secrets of Great Leaders* (McGraw-Hill, 2004), says it can still be done. "It's up to managers to create conditions for people to succeed," Baldoni says, and that's true no matter what the environment. He offers the following tips on managing during fat-less times:

- **Be forward.** If the workplace is clearly a bit ho-hum, don't pretend otherwise. You'll only hurt your credibility. Instead, appeal to your staff's professionalism. "Tell people, 'Right now, our job is to keep the enterprise running through IT. Let's do that job as well as we can,'" Baldoni says.
- **Empower and delegate.** If ground-breaking projects aren't there to offer stimulation, "grow people in their jobs," Baldoni says. Offer cross-functional training, and lead management responsibilities to those who want them.
- **Sacrifice and inspire.** While delegating is key, its opposite – working in the trenches once in a while – boosts morale. For example, if job cuts leave you short-staffed, you might work a few shifts on the help desk.

– *Steve Ulfelder*

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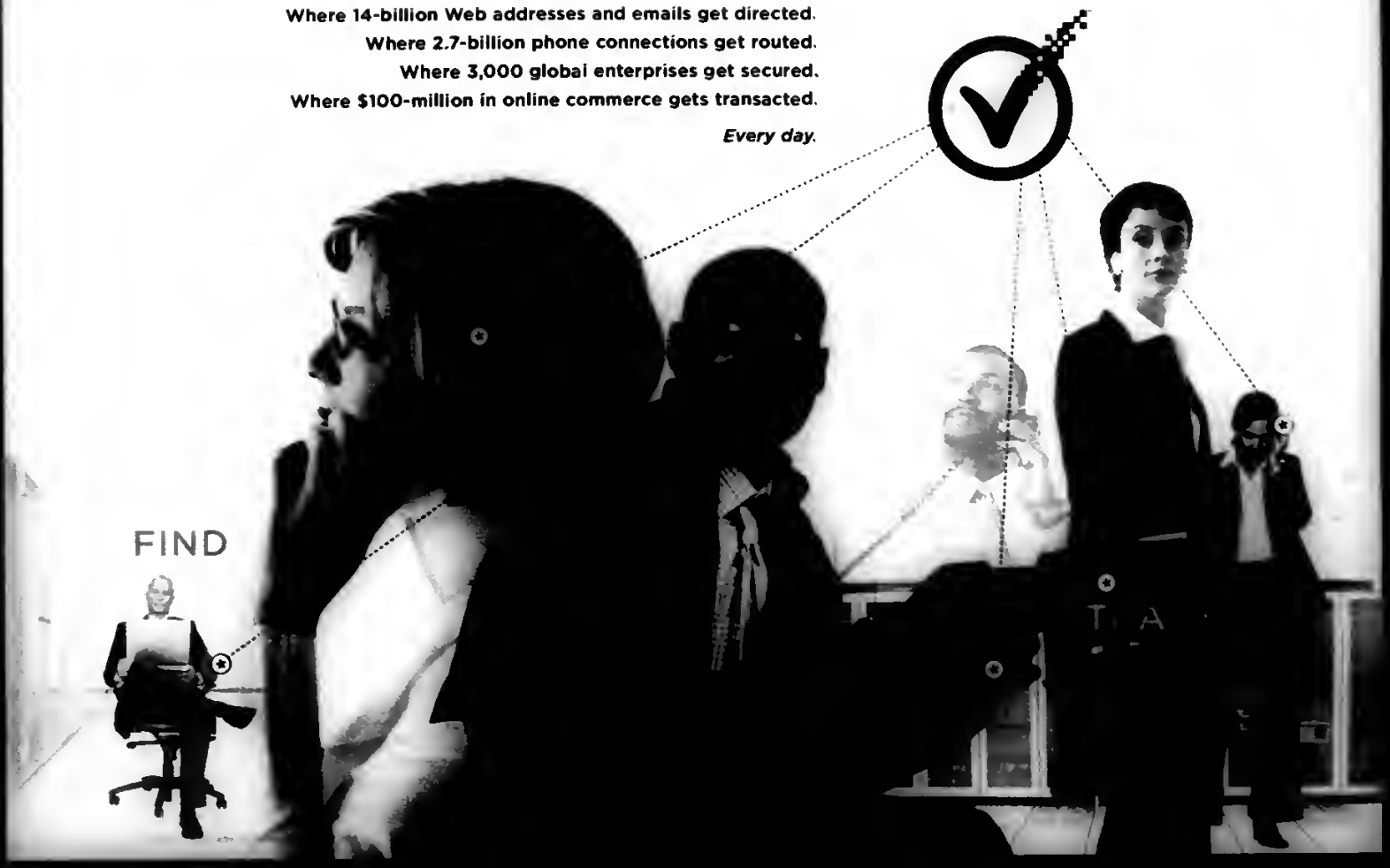

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THE POWER OF Analogy

Analogies are to strategy as blueprints are to buildings. Just be sure you've got the right blueprint.

Toys 'n' chips are to Intel Corp.'s future as concrete reinforcing bars were to U.S. Steel's. Unless you know the history of the steel industry that analogy will leave you cold. But it compelled former Intel CEO Andy Grove to change his product strategy.

In this month's Harvard Business Review, **Jan W. Rivkin** *and Giovanni Gavetti explain how managers often use analogical reasoning to make strategic decisions. Rivkin, an associate professor in the strategy unit of Harvard Business School, told* Computerworld's *Kathleen Melymuka that to harness the power of analogy, managers must also understand the pitfalls.*

So, analogies are powerful, but they can lead you astray? An IT example got me onto my soapbox on this. Everyone knows the Dell story. Compaq, IBM, HP and Gateway have all tried to match what Dell has done, but no one has been able to. Once, after I'd taught the Dell case, a student came into my office and said, "I've thought over the Dell story, and I've decided I want to become the Michael Dell of the pizza delivery business." I said, "That sounds exciting, but if you mean you want to make pizza to order, we kind of already have that."

What are the core elements of analogical reasoning? You start with a target problem. This is the setting for which you want to create a strategy. Through some process of similarity mapping you identify a source environment that is similar in its essentials. From that source environment, you grab a candidate solution — the thing that worked well in the source environment. You translate that solution to the target environment. For example, Thomas Stemberg, who founded Staples, was exploring a possible new business that he thought could be the Toys R Us of office supply. In that case, office supply is the target, the toy business is the source, and Toys R Us is the candidate solution.

What does analogical reasoning do for me? There's enormous efficiency in thinking that way. You get a whole bundle of solutions: what it should look like, shopping carts, checkout counters, style of retailing, logistics. The question remains whether office supply really does resemble the toy business.

Why is analogical reasoning so useful in a field like IT? Analogies are most powerful in settings where there's not enough clarity to use deductive reasoning nor so much ambiguity that you have to go for trial and error. Many pockets of IT have this middle ground that's familiar enough to make links to more familiar settings but not clear enough to identify cause and effect. In that middle ground, analogies may be the only options we've got.

Give me an example. Intel for many years resisted entering the low end of the market. Then [Harvard Business School professor] Clayton Christensen introduced them to an example in the steel industry. U.S. Steel had let minimills take over the low end with cheap concrete reinforcing bars called rebars. He pointed out that this was the beginning of the troubles for the U.S. steel business. Once the minimills got a beachhead at the low end, they moved up. At Intel, this really struck a chord. Andy Grove feared if they ceded the low end of the market, the high end might follow. He even began to refer to low-end PCs as "digital rebar," and soon thereafter Intel introduced the Celeron processor to fight it out on the low end and prevent other companies from getting a beachhead.

In this case, the analogy wasn't about learning from someone's success but trying to prevent a repeat of someone's failure. It was about what they thought U.S. Steel *should* have done.

Tell me about some of the drawbacks to analogical thinking. The core pitfall is choosing a source based on superficial similarities to the target. When Ford was looking at redesigning its supply chain, it turned for guidance to Dell's key principle of virtual integration. There is good reason to look at Dell. Some aspects of what it does look like what Ford does. They both take fairly standardized components and assemble them into a vast variety of models.

But other things are quite different. A large portion of Dell's cost advantage comes from the fact that virtual integration enables it to buy inputs late. A PC that arrives from Dell has a microprocessor bought later than the microprocessor bought for another supplier. In a setting where the price of microprocessors declines dramatically over a short period, that difference translates into a large cost advantage for Dell. But prices in the auto process are not coming down so rapidly, so the power of virtual integration and less inventory is not nearly as great. The good news is that Ford didn't fall into that trap.

Another potential problem is the anchoring effect. Can you explain? People get attached intellectually and emotionally to their analogies, and it's very hard to shake. If you look at Sun, Scott McNealy often uses analogies drawn from the auto business. He argues that buyers should be interested in the whole package, not the components, because when they buy a car, they care about the whole car, not where the carburetor comes from. But you have to question how dispassionately he can assess that analogy. His father worked for years in the auto business, and his sons are named for auto models: Maverick, Scout, Colt and Dakota.

Tell me about confirmation bias. It appears that human beings tend strongly to seek out data that confirms their beliefs and invest too little in seeking out disconfirming data. We like to be right. If analogies come into our heads, we can always find elements of reality to confirm our belief in them.

With all these pitfalls, how can I make sure I'm using analogies properly? You probably can't make analogies 100% safe, because you're using them in a setting where there's ambiguity and you can't really figure out cause and effect. In the most exciting parts of the IT sector, this is often exactly the situation.

Careful reflection can allow you to do better, but it requires that you first recognize what your analogies are. Often, they're really hidden. Does McNealy realize he's using car analogies all the time? Probably not.

OK, I recognize my analogy. Now what? You test the analogy. First, you have to understand the source environment and why the candidate solution worked there. Then ask yourself: How similar is this setting really, and how different is it? It means doing two things that don't come naturally: actively searching for differences, and asking if the similarities you do see are superficial. The final step is to translate the candidate solution into the target environment and see if it works well enough. And when you deploy it, be ready to adapt. **ID 53285**

ANALOGY ANALYSIS

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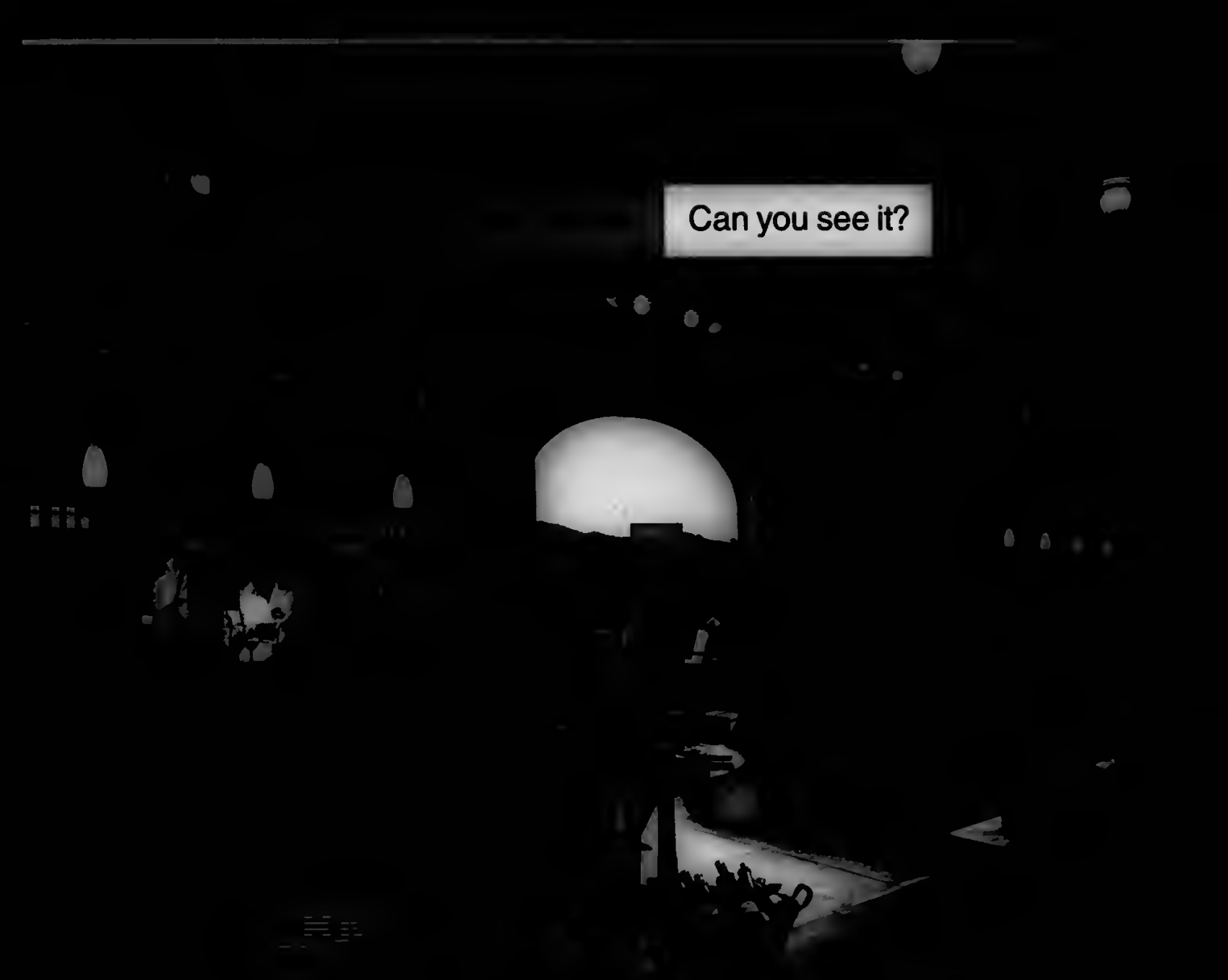

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STRATEGIC Security

Treat information security as an operational risk management issue, not as a tactical function. BY JAIKUMAR VIJAYAN

CHRISTOFER HOFF is on a mission. As the director of information security at Western Corporate Federal Credit Union (WesCorp), Hoff has launched an initiative to quantify the benefits of information security spending for business executives at the San Dimas, Calif.-based company.

The constantly evolving technology and threat environment and the difficulty of attaching a specific monetary value to information assets make it hard to come up with traditional return-on-investment numbers, Hoff says. So the focus instead is on gathering corporate metrics that show how the company can reduce risk exposure and avoid costs — such as those related to virus attacks — by implementing the appropriate security measures.

As part of this effort, Hoff's team is implementing a process methodology called OCTAVE from Carnegie Mellon University's Software Engineering Institute. OCTAVE helps companies identify infrastructure vulnerabilities, prioritize information assets and create asset-specific threat profiles and mitigation plans (see chart).

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Hoff is among a growing number of security managers who say it's time to approach information security as an operational risk management issue rather than as a function that's solely focused on implementing tactical fixes for every new threat that surfaces.

The need to comply with regulations such as the Sarbanes-Oxley Act, the Health Insurance Portability and Accountability Act and California's SB 1386 is one of the primary factors pushing companies to take a more business-oriented look at their information security measures.

Lending urgency to the situation is a wave of legislation that lawmakers are considering in response to a series of well-publicized data compromises at Bank of America Corp., ChoicePoint Inc. and LexisNexis Group [QuickLink 53256].

A New View

Evolving threats and a greater exposure to risk are also pushing the need for a more strategic view of security. The growing use of wireless and handheld technologies and the tendency to connect internal networks with those of suppliers, partners and customers have dramatically increased security risks and the potential consequences of a breach.

"All of a sudden, there are a lot of new stakeholders in information security," including regulators, shareholders, customers, employees and business partners, says Carolee Birchall, vice president and senior risk officer at BMO Bank of Montreal in Toronto. "All of these groups have different expectations of IT, and they all come to a head around information security," she says.

The trend calls for a fundamental rethinking of security objectives, say security managers such as Hoff.

The goal isn't to completely eliminate all risk, because that is unrealistic, says Kirk Herath chief privacy officer at Nationwide Mutual Insurance Co. in Columbus, Ohio. Rather, it's to understand the broad nature and scope of the threats to your specific situation.

You should base mitigation measures on the probability of loss or disruption from those risks. The focus is not on point technologies but on higher-level issues such as system availability, recovery and incident response, says Herath.

It's a risk-mitigation approach that starts with a detailed understanding of the information assets that you want to protect and what exactly you want to protect them against, says Vinnie Cottone, vice president of infrastructure services at Eaton Vance Distributors Inc., a financial services firm in Boston.

The company is currently implementing security changes aimed at addressing five specific issues that were identified during a corporatewide IT and business risk-assessment exercise.

The issues include a need for stronger user authentication and measures for securing and enforcing policies on all endpoint devices — such as laptops and wireless systems — attempting to log into the Eaton Vance network.

"We took a look at every possible [information security] threat to Eaton Vance, and from there we came out with a lot of 'what if' scenarios and then determined what we should do" to deal with them, Cottone says.

But most security managers acknowledge that the daily tasks of dealing with unreliable software code and chasing the latest viruses, worms and spyware leave little time or resources to focus on such big-picture strategies.

Changing business requirements and the growing complexity of threats can also keep security managers tied to tactical issues, even if they don't want to be. Adding to the challenge is a troubling disconnect between security organizations and business units, security managers say.

Lloyd Hession, chief information security officer at Radianz Inc., a New York-based provider of communications services to the financial services industry, says a common view of executives is, "We have spent all this money on antivirus tools, Web filters and firewalls, and why hasn't that stopped this problem?"

Security managers say they're too often seen as purveyors of fear, uncertainty and doubt who have little understanding of business requirements.

To change that image, they need to help business managers understand the trade-offs that have to be made to accommodate a new security measure. And that means no geekspeak, says Cottone. "You really can't talk technical or any kind of jargon" when communicating security strategy to the business side, he says.

The key message, says Hession, is that information security is a business problem that is "not addressed simply by the firewalls and antivirus [tools] that are already in place." **53385**

Career Watch

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	NUMBER EMPLOYED IN 2002	PROJECTED EMPLOYMENT IN 20	PERCENTAGE CHANGE

Be Careful What You Blog

MEDIAN SALARIES OF IT POSITIONS AT COLLEGES

BASE: 1,367 public and private colleges and universities

SOURCE: 2004-05 ADMINISTRATIVE COMPENSATION SURVEY, COLLEGE AND UNIVERSITY PROFESSIONAL ASSOCIATION FOR HUMAN RESOURCES (*WWW.CUPAHR.ORG*), KNOXVILLE, TENN., MARCH 2005

Employment Forecast Holds Steady

STRATEGIC Security

Treat information security as an operational risk management issue, not as a tactical function.

CHRISTOFER HOFF IS on a mission. As the director of information security at Western Corporate Federal Credit Union (WesCorp), Hoff has launched an initiative to quantify the benefits of information security spending for business executives at the San Dimas, Calif.-based company.

The constantly evolving technology and threat environment and the difficulty of attaching a specific monetary value to information assets make it hard to come up with traditional return-on-investment numbers, Hoff says. So the focus instead is on gathering corporate metrics that show how the company can reduce risk exposure and avoid costs — such as those related to virus attacks — by implementing the appropriate security measures.

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The OCTAVE Approach

The OCTAVE (Operationally Critical Threat, Asset and Vulnerability Evaluation) methodology was developed by Carnegie Mellon University's Software Engineering Institute to identify infrastructure vulnerabilities, prioritize information assets and create asset-specific threat profiles and mitigation plans. OCTAVE rests on these three sets of principles:

1 Risk Evaluation

- Self-direction by people in the organization who take responsibility.
- Adaptable measures that can change with technology.
- A defined process and standard evaluation procedures.
- A foundation for a continual process that improves security over time.

2 Risk Management

- A forward-looking view that explores changing relationships among assets, threats and vulnerabilities.
- A focus on a "critical few" security issues.
- Integrated management of security policies and strategies with those of the organization.

3 Organizational And Cultural

- Open communication of risk information and activities built around collaboration.
- A global perspective on risk in the context of the organization's mission and business objectives.
- Teamwork for an interdisciplinary approach.

Career Watch

Be Careful What You Blog

Thinking about blogging about your workplace? Hold that thought.

Workforce Management reported in its March issue that bloggers who post items about their lives on the job sometimes find themselves out of a job. In many ways, it's just too early to know what is and isn't acceptable blog material as far as employers are concerned. For example, the magazine tells the story of a Delta Air Lines flight attendant who was grounded after posting "inappropriate" pictures – of herself and other Delta employees in uniform – on her blog. When she found inconsistency instead of evidence of any corporate policy about this matter, she filed a sex discrimination complaint. Then, a little more than a month after being told that her blog had caused a problem, she was fired.

Others have similar stories about the haziness of what's OK to put up on the Web. Mark Jen was a newly hired Google employee when he learned that some of his postings had to be removed. His site was down for a while, and when it reappeared without the offending material, Jen apologized for having "put some stuff up on my blog that's not supposed to be there," writing, "Just so you know, Google was pretty cool about all this." But a short while later, he learned otherwise, and he too was dismissed.

Workforce Management quotes Michael Rudnick, national intranet and portal practice leader at consulting firm Watson Wyatt Worldwide: "The popularity of blogging is growing rapidly, but most companies and employees are grappling with what's acceptable and what isn't."

Eventually, companies are going to have to provide clear guidance on work-related blogging. And perhaps that guidance will be more liberal than the cases cited in the *Workforce Management* article suggest. Also quoted in the article, Eugene Volokh, a professor of law at UCLA, says, "Employers must recognize that unless they accommodate blogging, they risk losing good people."

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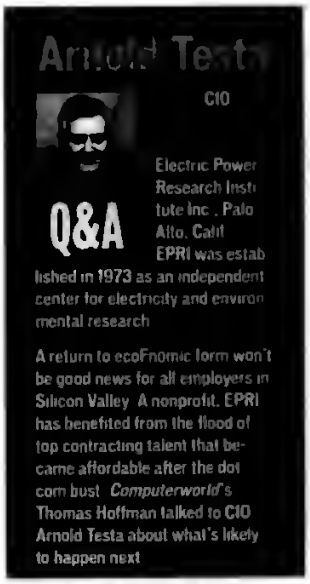
– Jamie Eckle



Electric Power Research Institute Inc., Palo Alto, Calif. EPRI was established in 1973 as an independent center for electricity and environmental research.

A return to ecoFnomic form won't be good news for all employers in Silicon Valley. A nonprofit, EPRI has benefited from the flood of top contracting talent that became affordable after the dot com bust. *Computerworld*'s Thomas Hoffman talked to CIO Arnold Testa about what's likely to happen next.

Are you facing any particular IT skills challenges at EPRI? Not really, because we've been able to augment our staff with independent contractors, and here in the Silicon Valley, there's a wealth of technical talent, much of which has been underutilized for the past two or three years. When the upturn hits in the economy here, that's going to be a problem.

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OCCUPATION	NUMBER EMPLOYED IN 2002	PROJECTED EMPLOYMENT IN 2012	PERCENTAGE CHANGE
Computer software engineer	394,000	573,000	46%
Computer systems analyst	468,000	653,000	39%

[redacted]

MEDIAN SALARIES OF IT POSITIONS AT COLLEGES

Chief information systems officer	$88,200
Director, administrative computing	$79,725
Associate director, information systems	$79,500
Director, telecommunications/networking	$76,400
Associate director, administrative computing	$67,012
Database administrator	$66,360
Systems analyst (highest level)	$60,000

BASE: 1,387 public and private colleges and universities

SOURCE 2004-05 ADMINISTRATIVE COMPENSATION SURVEY, COLLEGE AND UNIVERSITY PROFESSIONAL ASSOCIATION FOR HUMAN RESOURCES, WWW.CUPAHR.ORG, KNOXVILLE, TENN., MARCH 2005

Employment Forecast Holds Steady

CIOs REMAIN OPTIMISTIC about IT hiring in the second quarter, according to the Robert Half Technology IT Hiring Index and Skills Report. Of the more than 1,400 CIOs polled at companies with 100 or more employees, 12% said they plan to add full-time IT staffers in the next three months, and 3% anticipate decreasing employment levels, for a net 9% increase. That matches earlier forecasts.

AMONG THE KEY FINDINGS IN THE LATEST REPORT:

- For the sixth consecutive quarter, business growth was cited as the leading motivation for adding IT staffers.
- Networking is the hottest specialty.
- Administration skills for Microsoft Windows NT, 2000 and XP are in strongest demand.
- Technology executives in the business services sector project the strongest hiring activity in the second quarter.

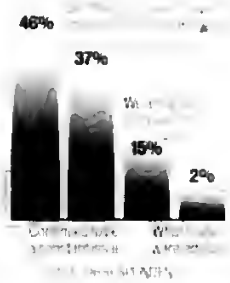
THE PAPER AND INK USED IN THE ORIGINAL PUBLICATION MAY AFFECT THE QUALITY OF THE MICROFORM EDITION.

GLOBAL VIEWS

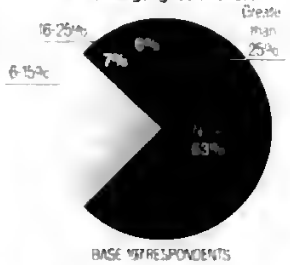
Without global IT operations, my company would:

The main obstacles to our globalization strategy are

What effect is IT globalization having on your company's infrastructure relative to viruses, spyware and adware?



Today, what percentage of your IT development and maintenance budget goes offshore?



BASE: 187 RESPONDENTS

Strategic Cost Accounting

INFORMATION TECHNOLOGY costs form the basis for many strategic decisions. Most large companies have a reasonable understanding of their overall IT costs; they track the cost of people, hardware, software and other items in the annual budgeting wars. But you need good cost accounting to be able to slice and dice your IT costs the way decisions are actually made: by service and activity.

Accurate cost accounting is crucial to making good business trade-offs. It clarifies whether a function is managed efficiently and helps you make the right choice when facing multiple investment alternatives.

Specifically, cost accounting can help you in these seven areas.

1. Evaluating outsourcing. Few organizations want to outsource if it will result in higher costs. But unless you have an accurate understanding of your current costs, your outsourcing efforts may result in a nasty surprise. Cost accounting data provides the foundation for determining the price at which it's advantageous to outsource a particular function.

BART PERKINS is managing partner at Leverage Partners Inc. in Louisville, Ky., which helps CIOs manage their IT suppliers. He was previously CIO at Tricon Global Restaurants Inc. and Dole Food Co. Contact him at **BartPerkins@LeveragePartners.com.**

2. Spending wisely. One CIO found his desktop budget increasing dramatically, even though workstation requests were equal to the prior year's. Cost accounting revealed the cause: The total cost of ownership (TCO) of a notebook was 30% higher than that of a desktop — including acquisition, configuration, installation and support. Virtually every new workstation request had been for a notebook (which was perceived as a status symbol). Based on this analysis, all future requests were filled by desktop PCs unless notebooks were justified.

3. Weighing trade-offs. Every organization faces trade-offs as it allocates finite funds. Such trade-offs include:

- **Cost cutting.** Everyone is trying to cut costs. But how can you decide to eliminate something for financial reasons if you don't know exactly how much it costs? If division presidents want to lower their IT costs, they need accurate TCO values for each IT service or application used. These costs need to be described in a useful and understandable way (e.g., cost per invoice, not cost per gigabyte) so that each division can make conscious trade-offs regarding which IT services to limit, cut or continue.
- **New development.** Every IT organization has a long list of projects it would like to undertake but can't fund. Cost accounting provides accurate data about the aggregate costs of IT resources (such as database administrators, servers, architects and licenses) that must be included for accurate planning. This allows proposed projects to be more accurately evaluated and prioritized.

4. Improving forecasting. Multiyear forecasts of IT costs can be built in two steps. First, categorize your spending into major activities such as development, enhancement, maintenance and production. Then compare various combinations of these activities to industry norms, such as the ratio of development cost to production, or the sum of maintenance and enhancement divided by production. These ratios will improve your ability to forecast your IT budget more accurately over multiple years. (See "Development Drop-Down Budgeting," QuickLink 49868.)

5. Assessing the financial impact of project cancellations. The impact of stopping a project or activity is often dismissed by saying something like, "These costs will just go away." If a project is eliminated, however, not all of the costs will actually disappear. For example, canceling an outsourced project will eliminate payments to the outsourcer. But the cost of shared resources (such as test servers, development tools, telecommunications, architects and database administrators) can't usually be eliminated.

6. Evaluating IT efficiency. Today's IT organization has to be efficient. Calculate unit costs (e.g., the cost of a help desk call or the per-month cost of a laptop) and compare them to industry norms. Efficient unit costs help you justify IT resources. If your costs are more than the norm, follow the money to locate the inefficiencies and fix the problems.

7. Enabling chargeback. Some organizations use chargeback as a way to limit consumption of IT resources, charging departments for the IT products and services they consume. Chargeback isn't appropriate for every company. But if you plan to institute a chargeback system, you need a detailed and accurate accounting of the cost of each IT product or service. Without good cost accounting, a chargeback system will allocate charges unfairly, creating dissatisfaction and political grumbling.

Cost-accounting data provides the critical foundation for important strategic decisions. These decisions are too crucial to base on educated guesses. Your information needs to be good enough to bet the company, because you're often doing just that. Cost accounting leverages your financial data to make informed and effective business decisions. Get enough data to be sure. **53288**

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GLOBAL VIEWS

Without global IT operations, my company would:

BASE: 250 RESPONDENTS

The main obstacles to our globalization strategy are:

BASE: 224 RESPONDENTS

What effect is IT globalization having on your company's infrastructure relative to viruses, spyware and adware?

Still there, but recent investments in solutions are helping
We are good, no issues
2%
Continues to be a constant issue
What is spyware/adware?

BASE: 196 RESPONDENTS

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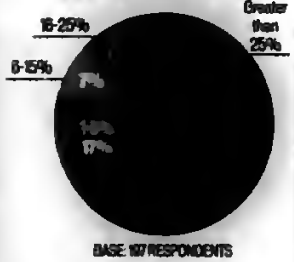

BASE: 107 RESPONDENTS

SOURCE: LIVE SURVEY OF PARTICIPANTS AT COMPUTERWORLD'S PREMIER 100 IT CONFERENCE, MARCH 2005

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Meet the real thing.

CNN has dubbed him a modern-day James Bond. **Ira Winkler** has heisted nuclear reactor designs, taken over banks, and stolen billions of dollars—all to help organizations seal security breaches.

Now, this former National Security Agency undercover analyst helps you adapt the security measures of intelligence agencies in order to defend your systems against such threats as script kiddies, foreign intelligence operatives, cyber-terrorists, and worst of all, your trusted insiders.

If *Spies Among Us* reads like an espionage exposé, that's only because it is.

Praise for *Spies Among Us*

"Ira Winkler stands out because he's the real deal: a guy with a resume of companies he's broken into and identities he's stolen in his job as a security and intelligence expert. He reveals the top threats to our personal and national security, with lots of straightforward advice on how to protect yourself. If you've got a social security number, you need to read this book whether you're a CEO or a grandmother."

—*Soledad O'Brien, CNN*

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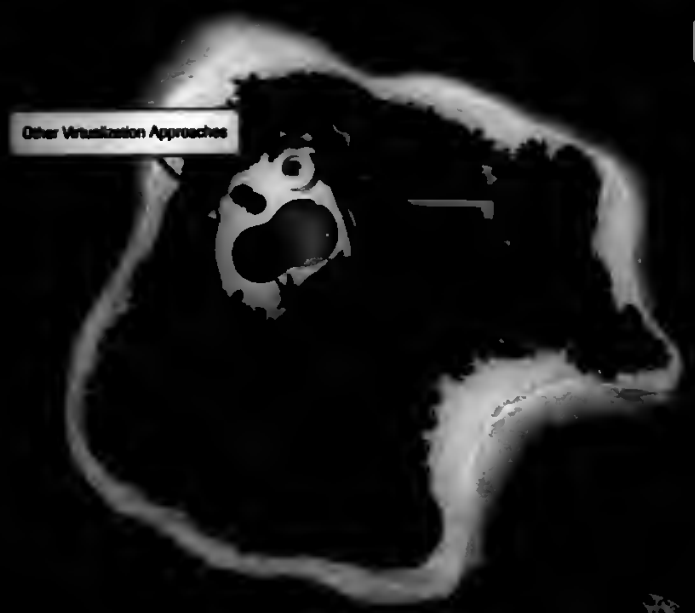

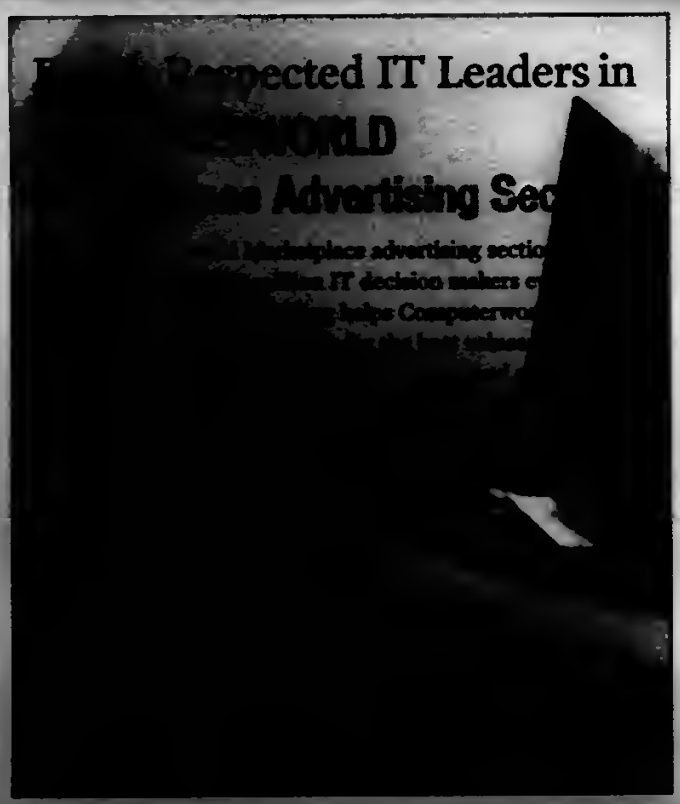

I/O

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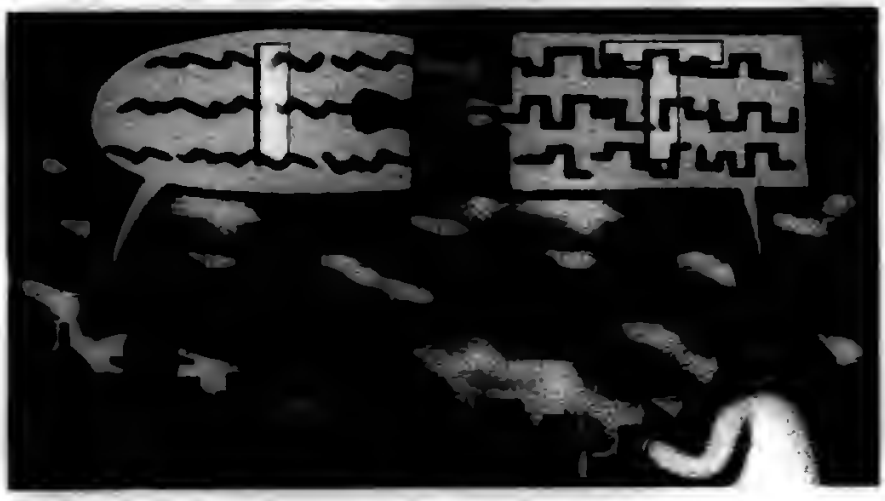
IT Careers: Regulations Lead to New Opportunities



When regulatory compliance and technology intersect, the result can be new IT challenges. Such is the case with the implementation of new SEC regulations tied to Sarbanes-Oxley – the birth of new analytic applications.

More important, businesses implementing Sarbanes-Oxley have added a new capability to their business tool kit. The new analytical applications are providing near-real-time analysis of how the business is performing, seeping into operational areas throughout the enterprise. IDC, a division of this magazine's publisher IDG, reports that the new applications provide greater internal visibility, decision support and processes/controls.

According to Katherine Spencer Lee, executive director of Robert Half Technology, business growth and new regulatory measures mean more IT jobs at a higher level of complexity. Spencer Lee's January report on 2005 salary trends says the most in-demand IT professionals will be those who can develop applications and technologies that collect, store, analyze and provide access to data. Key technical skills required in these areas include a strong foundation in database management – Oracle8i/9i/10g, Microsoft SQL Server, IBM DB2 and database administration certificates. She forecasts increased hiring in application development for business systems analysts and application architects with well-developed object-oriented language, JAVA, XML and .Net skills.

Spencer Lee says the impact of new regulations is holistic, seeping down into every aspect of technology operations. "The issue is how a business uses the new requirements to improve, to be more productive, to be more timely and accurate. It is causing businesses to look at IT in a new way – to generate growth.

"Firms are hiring again, but only after clearly defining their requirements and making sure there is a sustainable need," she adds.

The skill-based careers are accompanied by an uptick in project management hiring, according to Spencer Lee. The complexity of the job continues to grow, as demand is higher for people who can work and communicate well with non-technical team members and who can identify ways to get the most out of multiple technologies and functions.

"I tell IT professionals that they need to assure that there is evidence of them being a proactive skill builder," Spencer Lee says. "IT professionals must be fluid because the job requirements differ so vastly day-to-day. And it's increasingly important how you communicate technology since you'll be working with (non-technologists) to execute everything."

For more information about IT Careers advertising, please call: 800.762.2977

Produced by Carole R. Hedden

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Outsourcing

nology officer at First Horizon Bank in Memphis. "This is going to be a problem for us as an industry and as a company over time, because a lot of innovation comes from them."

Ruckh was among a group of executives speaking on governing IT outsourcing processes at the American Bankers Association's Bank Outsourcing Forum here last week. He said First Horizon has turned to Fidelity Information Services Inc. to centralize its IT systems management.

Consolidation Benefits

Ruckh said First Horizon is in the process of expanding a 2-year-old outsourcing pact with Jacksonville, Fla.-based Fidelity Information Services that has centralized management of the bank's core IT systems. With Fidelity, he said, his company has gained better overall IT project results for less money and more consistent delivery on service-level agreements.

First Horizon consolidated many of its other vendor outsourcing agreements into a more centralized one with Fidelity, according to Ruckh. The bank's IT budget is about $120 million, and "a good portion of that is with Fidelity," said Ruckh, who wouldn't disclose the value of the deal.

Landy Dutton, director of operational risk management at Regions Financial Corp. in Birmingham, Ala., said the federal Gramm-Leach-Bliley Act, which requires financial institutions to ensure customer privacy, prompted her company to centralize control of outsourcing to reduce risk.

Through its consolidation effort, Regions has reduced the number of its service contracts from 500 to 30 over the past several years, Dutton said.

The financial services firm created a single outsourcing information database and central vendor management program that has outsourcing managers report to top-level executives and includes risk assessments of all outsourcing vendors.

By centralizing management and contract information, the company can better keep track of its outsourcing efforts, Dutton said. "When you manage outsourcing in the business units, you never know how many contracts you have," she said.

In contrast to those who favor larger, more centralized outsourcing contracts, Louis Rosenthal, an executive vice president in charge of IT for the North American operation of ABN Amro Bank NV, prefers multivendor deals because they let him use best-in-class providers of any size.

Over past 10 months, Rosenthal has been evaluating vendor proposals to run the majority of Amro IT operations in 60 countries. Rosenthal expects the effort to save his IT operations $800 million annually. **53666**

Checklist

Research the following before selecting an outsourcing vendor:

- **Financial stability**
- **Information security program and policies**
- **Application/systems security**
- **Vendor relationships**
- **Insurance considerations**
- **Offshore and cross-border issues**
- **Contingency planning and disaster recovery plans**
- **Physical security**
- **Hiring practices and employment policies**

SOURCE: REGIONS FINANCIAL CORP

Banks Merging Business, IT Offices

MEMPHIS

BANKING CIOs are increasingly moving IT employees into offices with business personnel, making them share the responsibility – and rewards – for building and implementing IT projects.

Speaking at the American Bankers Association's Bank Outsourcing Forum here last week, Tom Melman, strategic migration manager at Wachovia Corp. in Charlotte, N.C., said it's important for technologists and business personnel to work together. "You need to be in the room talking about engineering, because the convergence process really does require a new way of thinking about things," he said.

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Outsourcing

nology officer at First Horizon Bank in Memphis. "This is going to be a problem for us as an industry and as a company over time, because a lot of innovation comes from them."

Ruckh was among a group of executives speaking on governing IT outsourcing processes at the American Bankers Association's Bank Outsourcing Forum here last week. He said First Horizon has turned to Fidelity Information Services Inc. to centralize its IT systems management.

Consolidation Benefits

Ruckh said First Horizon is in the process of expanding a 2-year-old outsourcing pact with Jacksonville, Fla.-based Fidelity Information Services that has centralized management of the bank's core IT systems. With Fidelity, he said, his company has gained better overall IT project results for less money and more consistent delivery on service-level agreements.

First Horizon consolidated many of its other vendor outsourcing agreements into a more centralized one with Fidelity, according to Ruckh. The bank's IT budget is about $120 million, and "a good portion of that is with Fidelity," said Ruckh, who wouldn't disclose the value of the deal.

Landy Dutton, director of operational risk management at Regions Financial Corp. in Birmingham, Ala., said the federal Gramm-Leach-Bliley Act, which requires financial institutions to ensure customer privacy, prompted her company to centralize control of outsourcing to reduce risk.

Through its consolidation effort, Regions has reduced the number of its service contracts from 500 to 30 over the past several years, Dutton said.

The financial services firm created a single outsourcing information database and central vendor management program that has outsourcing managers report to top-level executives and includes risk assessments of all outsourcing vendors.

By centralizing management and contract information, the company can better keep track of its outsourcing efforts, Dutton said. "When you manage outsourcing in the business units, you never know how many contracts you have," she said.

In contrast to those who favor larger, more centralized outsourcing contracts, Louis Rosenthal, an executive vice president in charge of IT for the North American operation of ABN Amro Bank NV, prefers multivendor deals because they let him use best-in-class providers of any size.

Over past 10 months, Rosenthal has been evaluating vendor proposals to run the majority of Amro IT operations in 60 countries. Rosenthal expects the effort to save his IT operations $800 million annually. **53666**

Checklist

Research the following before selecting an outsourcing vendor:

- **Financial stability**
- **Information security program and policies**
- **Application/systems security**
- **Vendor relationships**
- **Insurance considerations**
- **Offshore and cross-border issues**
- **Contingency planning and disaster recovery plans**
- **Physical security**
- **Hiring practices and employment policies**

Banks Merging Business, IT Offices

MEMPHIS

BANKING are increasingly moving IT employees into offices with business personnel, making them share the responsibility – and rewards – for building and implementing IT projects.

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– Lucas Mearian

SAS 70 Standard Helps Bankers Evaluate Outsourcers

MEMPHIS

CORPORATE IT organizations are increasingly turning to the SAS 70 auditing standard to ensure that outsourcers comply with various government IT regulations.

SAS 70, or the Statement on Auditing Standards No. 70, was developed by the New York-based American Institute of Certified Public Accountants. It can be used to ensure internal compliance and that vendors abide by the rules, executives said.

Chicago-based Northern Trust Corp. uses the SAS 70 format to evaluate whether large outsourcing vendors are compliant with various government regulations, such as the Sarbanes-Oxley Act and the Gramm-Leach-Bliley Act, said Katy Hurst, global disaster recovery director at the bank.

Northern Trust has beefed up its effort to scrutinize current and potential outsourcing partners because regulators have made it clear that "outsourcing relationships are subject to the same risk management practices" as those used in-house, Hurst said at the American Bankers Association's Bank Outsourcing Forum here last week.

First Horizon Bank also spends "considerable time" performing internal audits and using the SAS 70 certification standard to ensure that the IT operations of its outsourcers are compliant with privacy laws, said Patrick Ruckh, First Horizon's chief technology officer.

William Henley, an examination specialist at the Federal Deposit Insurance Corp., urged the banking executives to go beyond using SAS 70 as a checklist for outsourcers and called on IT units to undertake their own vigorous due-diligence processes.

– Lucas Mearian

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FRANK HAYES • FRANKLY SPEAKING

Keep RFID Simple

THE STATE OF TEXAS is thinking about replacing vehicle inspection stickers with RFID tags [QuickLink 53621]. The state likes the idea because it would enable drive-by enforcement of insurance requirements. Privacy partisans don't, because it could expose car owners' personal information to anyone who scans their vehicles with an RFID reader.

Sounds like a tough problem of functionality vs. privacy, doesn't it? But why? There's no compelling reason *any* personal information should be stored on those RFID tags — or on any RFID tags. So why is everyone's default assumption that it will be?

Here, look: How many different ways could Texas implement vehicle inspection RFID tags? One way is to use low-powered tags that can be read only up close. But that doesn't require RFID. There's already an identifying tag that police routinely use for checking vehicle information. It's called a license plate.

Besides, Texas wants to scan cars on the fly. That requires high-frequency RFID tags that can respond quickly and at a distance. Those tags also typically can hold lots of data. So a vehicle inspection RFID tag *could* contain as much as a megabyte of information about a vehicle — or as little as a license plate number.

Which makes more sense? Cramming lots of vehicle data onto an RFID tag means a police officer could read it directly with a scanner. But what cop could read data on 100 cars per minute roaring past? Besides, any embedded insurance information could be outdated the day after the tag was stuck on the vehicle.

And that data would be exposed to anyone else with an RFID scanner. The data could be encrypted, but that means the scanner would have to be attached to a computer to decrypt it. Or the RFID equipment could be nonstandard — but hackers are pretty good at matching any customized gear.

On the other haod, if an RFID tag responds with just a license plate number, that can be checked against an up-to-date back-end database witbout human intervention. And the only information exposed by the RFID tag is already displayed on the vehicle's bumper.

See? It makes no sense to overload those Texas tags. Putting the smarts in the database and keeping the tags simple makes the system more reliable, secure and effective — and minimizes privacy issues, too.

So why does this look like such a hard problem at first glance? Because if an RFID tag has space for lots of data, some people will automatically feel an urge to fill it up.

We oeed to resist that urge. Not just for vehicle tags in Texas, but for all the other RFID applications we'll be implementing soon.

Some of those RFID jobs will be forced on us, such as Wal-Mart's supply chain mandate. But others we'll come up with ourselves. We'll try sticking RFID tags on shipping cartons, employee ID badges, forklifts, hard-cnpy documents, desk chairs, mail carts, computer monitors — anything we need to track nr identify or inventory or locate.

What we'd really like is a clear set of RFID best practices. But in the meantime, we'll just have to remind ourselves to keep the tags as simple as possible and keep the data on them to a minimum. If we must include data, it should be encrypted — but less data is better.

We'll probably have to hold the line on that rule with non-IT managers and executives too, especially if they've heard RFID sales pitches bragging about how much data a tag can hold.

FRANK HAYES, *Computerworld*'s senior news columnist, has covered IT for more than 20 years. Contact him at frank_hayes@computerworld.com.

And to other business-side people, we'll probably have to explain how we're protecting their sensitive information, especially if they've heard about RFID risks and expect tbe worst.

But we can do that. In fact, we'd better, if we want tn deliver the advantages of RFID technology for our users with a maximum of benefit and a minimum of risk.

Because if we don't, those little RFID tags will bring us somc Texas-size problems after all.

53638

SHARK TANK

Unintended Consequences

Nightly software update fails at this data center, and it creates a major mess the next morning. But somehow no one notifies the CIO, who first hears about it in a meeting with users. He's furious and announces that heads will roll – and from now on, he must be the first to know should anything like this happen. "Two weeks later, same thing occurs," says a pilot fish there. "CIO gets the call at 1 a.m., and the call tree happens in reverse. This caught my eye in the CIO's report to the director's office: 'Due to loss of personnel because of cutbacks, I have begun to receive calls in the middle of the night from operations.'"

Oops!

Support tech returns from lunch and notices he now inexplicably has lots of printers configured on his PC. "He quickly started deleting the printer connections," reports a pilot fish to the know. "With half the printers deleted, calls started coming in from the users, and the light came on. Before lunch, he had been logged onto the print server. He wasn't deleting the mapped printers from his workstation, but the print queues directly from the print server!" Fortunately, sysadmins were able to restore all the queues.

Tighter, Not More Secure

Pilot fish returns from leave of absence to find a new, tighter security policy: She'll no longer know the administrative passwords for members of the executive committee. "Two weeks later, an executive committee member calls me with a virus problem," fish says. "Since I can no longer access this person's computer using our global admin password, I go down to the server and reset the user's password. So much for the newer, tightened security."

Close, but Not Close Enough

User's laptop won't power up, so she unplugs everything from the back, lets it sit for a day and then reconnects everything. Now it works fine except that she can't print. IT pilot fish spots the problem right away: "She somehow managed to plug the USB cable from the printer into the network port on the laptop," he sighs. "I wouldn't have thought it would fit. But sure enough – it fits snugly, but it fits."

Let's Just Step Back and Relax, Shall We?

User pilot fish sits next to police department's IT help desk and overhears a call: "Help Desk, may I help you? . . . Can you open that program? . . . Are you getting an error? . . . Could you e-mail me a screenshot of the error? . . . No, you don't need your gun."

SHOOT SHARKY YOUR STORY. Send me your true tale of IT life at sharky@computerworld.com. You'll score a stylish Shark shirt if I use it. And check out the daily feed, browse the Sharkives and sign up for Shark Tank home delivery at computerworld.com/sharky.

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Some of those RFID jobs will be forced on us, such as Wal-Mart's supply chain mandate. But others we'll come up with ourselves. We'll try sticking RFID tags on shipping cartons, employee ID badges, forklifts, hard-copy documents, desk chairs, mail carts, computer monitors — anything we need to track or identify or inventory or locate.

What we'd really like is a clear set of RFID best practices. But in the meantime, we'll just have to remind ourselves to keep the tags as simple as possible and keep the data on them to a minimum. If we must include data, it should be encrypted — but less data is better.

We'll probably have to hold the line on that rule with non-IT managers and executives too, especially if they've heard RFID sales pitches bragging about how much data a tag can hold.

And to other business-side people, we'll probably have to explain how we're protecting their sensitive information, especially if they've heard about RFID risks and expect the worst.

But we can do that. In fact, we'd better, if we want to deliver the advantages of RFID technology for our users with a maximum of benefit and a minimum of risk.

Because if we don't, those little RFID tags will bring us some Texas-size problems after all.

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